



OREGON CITY



Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2025
City of Oregon City, Oregon

The cover photograph is courtesy of Jennifer Hummel, Office Specialist.

CITY OF OREGON CITY, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2025

Prepared by

City of Oregon City
Finance Department

Available at: www.orcity.org



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INTRODUCTORY SECTION





OREGON CITY

625 Center Street | PO Box 3040 | Oregon City OR 97045
Ph (503) 657-0891 | Fax (503) 657-3339

December 11, 2025

Honorable Mayor, Members of the City Commission
and Citizens of the City of Oregon City, Oregon

We are pleased to submit the Annual Comprehensive Financial Report of the City of Oregon City (the City) for the fiscal year ended June 30, 2025.

State statutes require that the City issue a complete set of audited financial statements within six months of the close of each fiscal year. The statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America. This report meets statutory requirements as well as standards prescribed by the Oregon Secretary of State.

We believe the report is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the City. Management assumes full responsibility for the completeness and reliability of the information contained in the report based upon a comprehensive framework of internal control that has been established for that purpose. The internal control structure has been designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements that are fairly presented. The concept of reasonable assurance recognizes that the cost of maintaining the control structure should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

Aldrich CPAs + Advisors LLP, a firm of independent certified public accountants, audited the City's financial statements and issued an unmodified or "clean" opinion on the financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is presented at the front of the Financial Section of the report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

PROFILE OF THE CITY

Oregon City is the first city incorporated in the United States west of the Missouri River and is located 13 miles south of Portland, Oregon at the confluence of the Willamette and Clackamas Rivers. The City was established in 1829 and incorporated in 1844, becoming the capital of the Oregon Territory in 1849. Oregon City is home to shopping areas, recreational opportunities, businesses, a wide variety of historical and cultural attractions, and several interpretive centers and museums dedicated to celebrating the pioneer spirit. It currently encompasses 10.27 square miles and has an estimated population of 38,387.

The City operates under the provisions of its own charter and applicable state laws with a council-manager form of government. The elected officials consist of the Mayor and four Commissioners. All positions have term limits, and no person may be elected to more than two terms of four years in any ten-year period. The Mayor and Commission vote on all ordinances and legislative matters, set policies for the City and hire the City Manager and the Municipal Judge. The City Manager is appointed by the City Commission to oversee the delivery of public services and is responsible for all administration and management. The Municipal Judge is appointed by the City Commission to hold municipal court and exercise jurisdiction of most offenses defined and punishable by ordinance of the city, as well as city and state traffic offenses and misdemeanor crimes.

The City provides a full range of municipal services to the community which include police protection, traffic control, transportation system improvements and maintenance, water, wastewater and stormwater utilities, planning, zoning and building regulation and inspections, economic development support, a community library, a municipal court, a cemetery, and parks and recreation. Fire protection is provided separately by Clackamas Fire District #1.

The Urban Renewal Agency is a blended component unit of the City and is presented as a special revenue fund in this report. The Agency also issues separate financial statements which can be obtained from the City.

The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget adopted by the City Commission. Under state law, the City is required to adopt a balanced budget by July 1 for either one or two fiscal years beginning July 1 and ending on June 30. The City has elected to operate with a biennial budget that spans two fiscal years. The budget sets forth the City Commission's goals and objectives and identifies the resources necessary to accomplish those goals and objectives. The legal level of budgetary control, which is the level at which management cannot overspend the budget without the approval of the governing body, is by program (Policy and Administration, Police, and Public Works, for example). Each department is budgeted separately within each fund and the object classifications of personnel services, materials and services, and capital outlay are grouped together. Requirements not specific to a department, such as transfers and contingency, are budgeted separately within each fund. Appropriations lapse at the conclusion of each budget period, and incomplete projects must be re-appropriated in the following period as part of the adoption process.

ECONOMIC CONDITION

Oregon City's economy is strongly connected with that of Clackamas County, the Portland metropolitan area, and the State of Oregon. Interstate 205 and State Highways 99E and 213 link Oregon City to Portland, Salem and southwest Clackamas County. The Portland metropolitan area comprises Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in Oregon, which together include over 47% of the State's population according to U.S. Census estimates. The State of Oregon's Economic and Revenue Forecast issued in September of 2025 indicates that Portland metropolitan area population growth is slow, as the state population growth is projected to grow by an annual average of 0.4%. The current median household income in Clackamas County is estimated at \$100,360, compared to \$82,690 nationwide.

The State of Oregon's Economic and Revenue Forecast also states that Oregon's economy has deteriorated in the first half of 2025, with growth continuing to underperform the national economy. Recent revisions from the Oregon Employment Department show employment conditions are weakening across most industries, with year-over-year job growth now turning negative. Underpinning the economic outlook is a continued rebound in migration leading to slow, but positive, population gains in the state.

Government and education are the top employment sectors in Oregon City, constituting almost 29% of all employment. As the Clackamas County seat, Oregon City is home to several County facilities that serve the region. The City is also home to Clackamas Community College's main campus. The College was founded in 1966 and is now one of the largest community colleges in the state of Oregon, serving an average of 21,700 students annually. Providence Health & Services operates the Willamette Falls Medical Center, a not-for-profit acute care hospital in Oregon City employing 625 people.

Oregon City's real property market value and assessed value continue to increase as the City grows. This growth continues to result in the need for more housing. The median home value in Oregon City was estimated at approximately \$600,000 in September of 2025, relatively consistent with last year. The Oregon constitution establishes a limit of 3% annual increases in the taxable assessed value of existing properties, the primary funding source for local government. Because of this limitation, tax revenue increases are expected to remain much lower than would otherwise result from the growth in real market value.

The City is operating on solid financial footing. The City's leadership, with support from the community, has continuously taken steps to provide sustainable City resources. Management closely monitors financial position and operations to ensure continued sustainability.

LONG TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City has traditionally performed long-range planning and forecasting for its major funds. These plans and forecasts allow the City to project expected revenues and expenditures to analyze possible financial outcomes. Capital project budgets are included in the financial plans to ensure that adequate revenue sources are projected to be available for both the construction projects and the related operating costs that may be incurred when the projects are completed.

The City continues to develop a comprehensive long-term financial forecast model that will encompass the current biennium and the two following biennia for all funds. While these current forecasts are central to financial management, long-term financial forecast models will eventually be linked to the city-wide planning and goal setting conducted by the City Commission and executive staff. The City successfully implemented Euna (formerly Questica) budgeting software for the 2025-2027 budget cycle and is now focusing on developing long-term projections through utilization of the software.

The City Commission holds a formal goal setting process every two years to establish policy direction and financial goals for the upcoming biennium. Highlights of the 2025-2027 adopted budget include continued funding toward Commission goals, prioritization of maintaining core services, continued investment in transportation, water, wastewater, and stormwater projects, working to improve tourism opportunities through the creation of a Destination Marketing and Management Organization and improvement of citizen engagement in the local government process.

The City continues to fund various Economic Development initiatives, including efforts to support the small business community with programs such as Talent Ready, a workforce development initiative bringing together state, county and nonprofit organizations to serve individuals hampered with a variety of obstacles to employment such as childcare, homelessness, or legal challenges. The City continues the BIZ POD program, a high quality small business training and education resource that provides mentors and other tools designed to improve the resiliency of small businesses. Additionally, the City has established a Microenterprise Small Business program that provides grants to existing small businesses to be used for working capital, building renovations, business-related vehicles, computer hardware/software, and new machinery/equipment.

The city provides property tax abatements through two programs: an Enterprise Zone program and a Vertical Housing Development Zone program. The Enterprise Zone program is used to reduce the tax burden on companies, including conventional manufacturing and industrial activities, by investing in equipment, facilities, and people. This program offers a 100% tax abatement for three years on new capital investments when a firm also increased employment by 10%. Program participation for the one business utilizing this program ended in 2025. Oregon City's Vertical Housing Development Zone program provides qualified development projects a 10-year property tax exemption on the value of new construction or rehabilitation for 20 percent per residential floor above a commercial ground floor with total exemption limited to no more than 80 percent. The city currently has one development participating in this program which is set to end in 2029.

On July 20, 2023, the City closed on a loan with the United States Environmental Protection Agency (EPA) for a \$16.3 million to fund a portion of future water infrastructure projects. The loan is part of EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program. This program provides low-interest, long-term loans for qualifying water infrastructure project packages of \$20 million or more. The maximum loan amount is 49% of eligible WIFIA project package costs. The City will match the WIFIA project package costs with funding from water rates, water system development charge revenue and General Fund surpluses in connection with the American Rescue Plan Act (ARPA). The City is in the beginning stages of multiple projects funded by the WIFIA program, such as multiple pipe replacement projects and multiple transmission main improvements throughout the City. As of June 30, 2025 the City has drawn down \$1,566,513.

RELEVANT FINANCIAL POLICIES

The following financial policies are expected to provide a solid framework for the City's financial strategy and sustainability.

Revenue Policy

- ◆ The City will strive to maintain a diversified and stable revenue system to protect from fluctuations in any one revenue source
- ◆ One-time revenues should not be used for ongoing expenditures, but instead for one-time expenditures
- ◆ All City funds shall be safely invested to provide first, preservation of capital and a sufficient level of liquidity to meet cash flow needs and second, to provide the maximum yield possible
- ◆ Utility rates will be set at levels sufficient to cover operating expenses, meet debt obligations, and provide adequate levels of working capital
- ◆ The City will periodically review and revise user fees to recover the costs of those services to the extent possible
- ◆ The City will estimate its annual revenues objectively, analytically and conservatively

Budget Policy

- ◆ The City shall prepare, present, adopt and amend its operating budget in accordance with Oregon Local Budget Law
- ◆ The City shall establish contingency reserves to provide for unanticipated expenditures of a nonrecurring nature and to meet unexpected increases in service delivery costs; these funds may not be directly disbursed from the contingency reserve but only in accordance with local budget law in the State of Oregon

Reserve Policy

- ◆ The City will maintain an unallocated and unappropriated fund balance or retained earnings to provide working capital during tough economic conditions, until enough revenues become available to fund current operations
- ◆ It is the intent of the City to use surpluses generated to accomplish three goals: meet reserve policies, avoid future debt, and reduce outstanding debt

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City of Oregon City, Oregon, for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the fourteenth consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA's **Distinguished Budget Presentation Award** for its biennial budget document for the 2025-2027 biennium. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department. In addition, I would like to express my appreciation to members of the other City departments and divisions who assisted and contributed to its preparation. Finally, I would like to thank the Mayor and City Commissioners for their continued support in our efforts to improve the City's financial management and reporting. Without their support, this report would not have been possible.

Respectfully submitted,

Matt Zook
Finance Director

CITY OF OREGON CITY, OREGON
ELECTED OFFICIALS AND MANAGEMENT TEAM
JUNE 30, 2025

ELECTED OFFICIALS

(as of June 30, 2025)

Mayor	<u>Term Expires</u>
Denyse McGriff	December 31, 2026

Commission Members

Rocky Smith, Jr.	December 31, 2026
Adam Marl	December 31, 2026
Mike Mitchell	December 31, 2028
Scott Wilson	December 31, 2028

MANAGEMENT TEAM

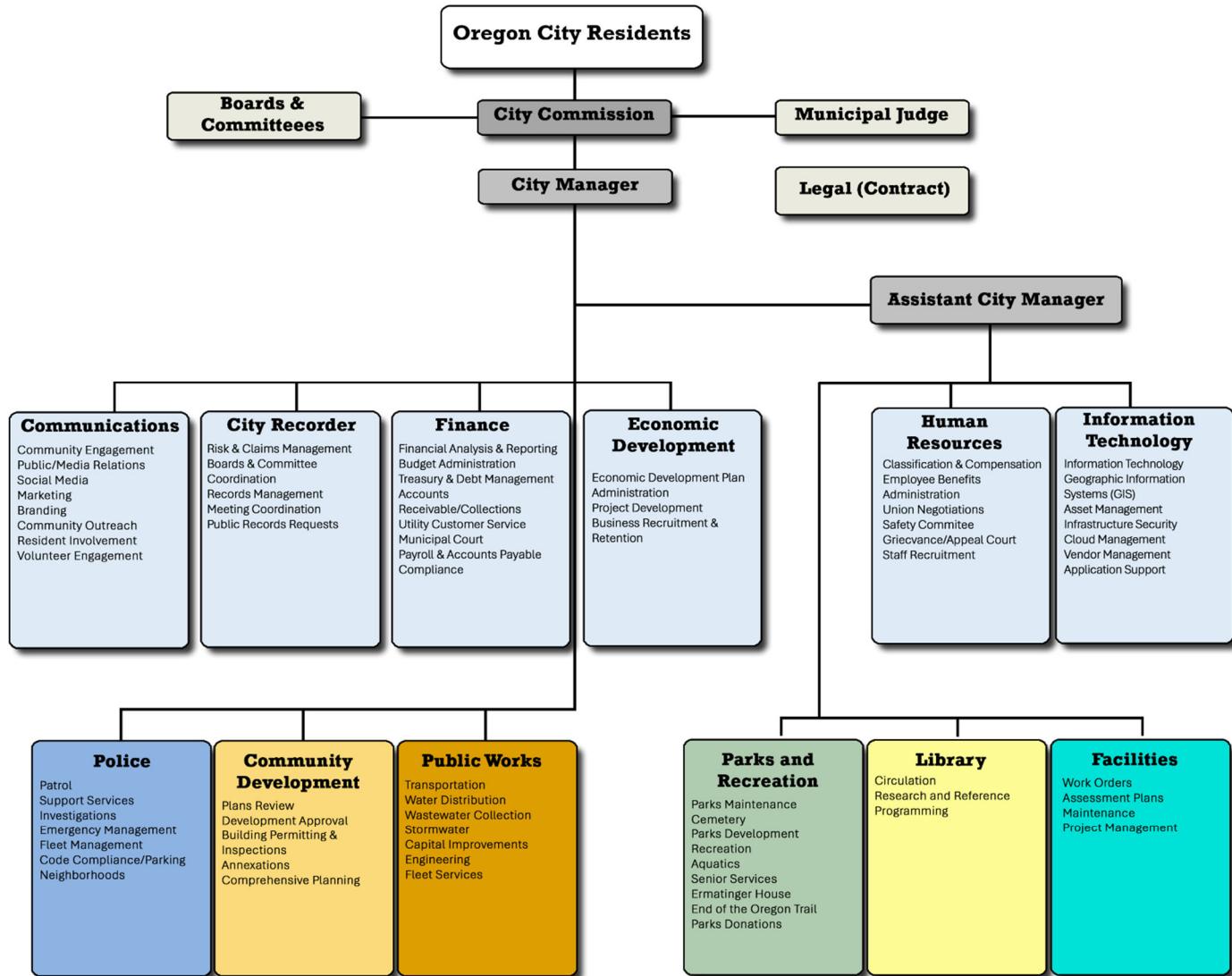
(as of June 30, 2025)

Tony Konkol III	City Manager
Alexandra Troutman	Assistant City Manager
Scott Archer	Parks and Recreation Director
Shaun Davis	Chief of Police
Michael Dobaj	Information Technology Director
Patrick Foiles	Human Resources Director
James Graham	Economic Development Manager
Jarrod Lyman	Communications Manager
Dayna Webb	Public Works Director
Jakob Wiley	City Recorder
Greg Williams	Library Director
Matt Zook	Finance Director
Vacant	Community Development Director

CITY OF OREGON CITY, OREGON

ORGANIZATION CHART

JUNE 30, 2025





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Oregon City
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Monell

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (COA) to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports (ACFR) that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners
City of Oregon City
Oregon City, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon City (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund and Major Special Revenue Funds' schedules of revenues, expenditures and changes in fund balance – budget and actual, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of proportionate share of the net pension liability, and schedule of contributions - pension be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of changes in OPEB liability and related ratios – implicit rate subsidy, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of proportionate share of the net pension liability and schedule of contributions – pension in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund and Major Special Revenue Funds' schedules of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of future debt service requirements, schedule of property tax transactions and outstanding balances, and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, schedule of future debt service requirements, and schedule of property tax transactions and outstanding balances are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

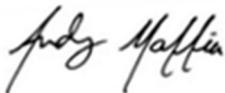
In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 11, 2025, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Lake Oswego, Oregon
December 11, 2025



CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

As management of the City of Oregon City, Oregon (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. Information in this Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information provided in the transmittal letter, the basic financial statements and the accompanying notes to the financial statements, which are also included in this report.

FINANCIAL HIGHLIGHTS

GOVERNMENT-WIDE

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows by \$366.64 million (reported as net position). Within the net position, \$33.06 million is unrestricted and may be used to meet the City's general obligations to citizens and creditors.
- Total assets are \$440.45 million, an increase of \$19.05 million, or 4.52%. Governmental type activities provided an increase of \$4.39 million while business-type activities increased \$14.66 million. The increase is attributed to a \$1.41 million increase in accounts receivable (net of allowance), a \$0.52 million increase in interest receivable related to the City's \$64.38 million investments, as well as a \$2.41 million increase in cash and investments due to the accumulation of resources for upcoming capital projects and cash from operating activities. Capital assets increased by \$14.26 million, net of depreciation, primarily due to the continuation of the inflow and infiltration project and the start of Water Infrastructure Finance and Innovation Act (WIFIA) projects.
- The City's liabilities totaled \$77.01 million, an increase of approximately \$5.44 million. Liabilities consist of \$61.38 million in long-term liabilities and \$15.63 million in accounts payable and other liabilities. Much of the increase was associated with an increase in accounts payable liabilities of \$3.32 million and accrued compensated absences of \$2.51 million due to the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 101. The City's total outstanding bonded debt decreased by \$2.53 million from regular debt payments offset by a \$1.57 million drawdown on the City's WIFIA loan.
- For its governmental activities, the City generated \$13.54 million in charges for services and \$11.53 million in operating and capital grants and contributions. Operating expenses and interest on long-term debt for governmental activities totaled \$49.46 million for the year. Additionally, governmental activities recorded general revenues of \$31.18 million and \$1.41 million of transfers out. This resulted in net position increasing by \$5.38 million to \$215.22 million at year end. The ending net position includes a prior period adjustment decrease of \$1.69 million to recognize additional expenses related to recognition of sick time accruals as a liability upon implementation of GASB Statement No. 101.
- For its business-type activities, the City generated \$29.97 million in charges for services and \$5.84 million in operating and capital grants and contributions to fund expenses of \$28.45 million. After other general revenues of \$1.81 million and transfers in of \$1.41 million, business type net position increased by \$10.58 million. The ending net position includes a prior period adjustment decrease of \$0.55 million to recognize additional expenses related to recognition of sick time accruals as a liability upon implementation of GASB Statement No. 101.

FUND LEVEL

- The City's governmental funds report a combined fund balance of \$83.20 million, a \$2.00 million increase compared to the prior year. Of the total fund balance reported, \$70.42 million is considered nonspendable, restricted, committed or assigned. The remaining \$12.78 million, or 15.36%, is available for spending at the City's discretion. The fund balance increase is largely due to an increase in property tax revenue due to an

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

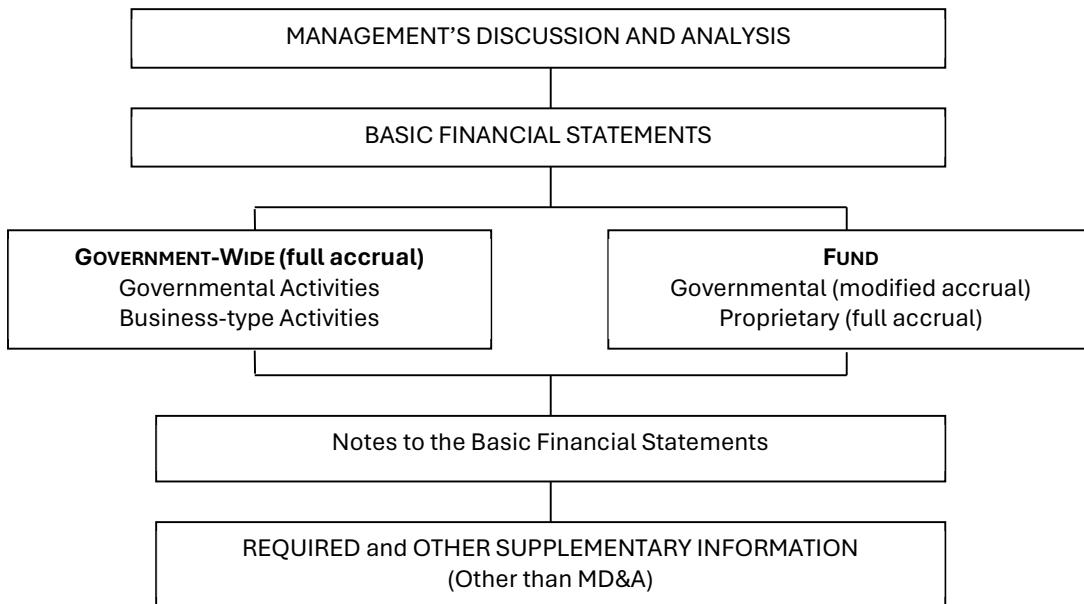
increase in the tax levied for the City's Urban Renewal District and higher system development charge collections related to new development activities in the City.

- The proprietary funds, those used to account for programs which the City charges for the services it provides, reported combined net position of \$151.42 million, an increase of \$10.04 million compared to the prior year. The ending net position includes a decrease of \$0.55 million for the cumulative effect of the implementation of GASB Statement No. 101, Compensated Absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of the annual report contains the basic financial statements and notes to those financial statements, required supplementary information and other supplementary information, including the combining statements and schedules of nonmajor funds. The following chart illustrates how the various divisions of the financial section are arranged relative to one another.

FINANCIAL SECTION COMPONENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statements include not only the City itself (known as the primary government) but also a legally separate urban renewal agency for which the City is financially accountable. The Statement of Net Position includes all of the City's assets (land, buildings, infrastructure such as streets, traffic signals, utility lines and bridges, etc.), deferred inflows and outflows, and liabilities (including general obligation long term debt), with the difference reported as net position.

The Statement of Activities presents information showing how the government's net position changed during the year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

result in cash inflows or outflows in a future fiscal period. Examples of such items include earned but uncollected property taxes (future inflow) and earned but unused compensated absences (future outflow).

The net position provides a measure of the City's financial health or position. The two government-wide statements report the City's net position and how it has changed.

The government-wide financial statements can be found on pages 32 and 33 of this report. The statements are divided into two categories and distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities – Most of the City's basic services are included here, such as Police, Parks and Recreation, Library, Planning and Zoning, Building, Traffic Control and Improvements, Street Construction and Maintenance, Parking and Code Enforcement, and General Administration (City Commission, City Manager, City Recorder, Finance, Human Resources, and Information Services).

Business-type activities – The City charges fees to customers to cover the costs of certain services it provides. The City's Water, Wastewater and Stormwater utilities are included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of state and local governments can be divided into three categories: governmental, proprietary and fiduciary.

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 statements, governmental funds financials place emphasis on available financial resources, rather than upon changes in net position. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current 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 the City's near-term requirements.

The City maintained 11 individual governmental funds for the current fiscal year. Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. The remaining governmental funds are reported as a combined total. The City reports six major governmental funds in the current year as follows:

- General Fund
- Engineering
- System Development
- Urban Renewal
- Transportation
- Community Facilities

The governmental fund financial statements can be found on pages 32 through 35 of this report. Summary fund data by fund-type for the nonmajor governmental funds is provided in the form of combining statements starting on page 101. Individual fund data for each of these nonmajor governmental funds is provided as Other Supplementary Information on pages 104 through 108.

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 government's near-term financial decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts a biennial appropriated budget for all governmental funds. The current budget period is July 1, 2023 through June 30, 2025. To demonstrate compliance with the budget, budgetary comparison schedules have been provided as Required Supplementary Information for the General Fund on page 84 and for the major special revenue funds on pages 85 through 88. Additional budgetary compliance with the major capital projects fund and other governmental funds is included in Other Supplementary Information on page 99 and 101 through 108, respectively.

Proprietary funds – Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains a total of six proprietary funds; these are classified as either enterprise funds or internal service funds.

Enterprise funds – Used to account for water utility, wastewater utility, and stormwater utility activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. All three enterprise funds are considered major funds.

Internal service funds – Used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet service, equipment replacement and customer service activities. Because internal service funds predominantly benefit business-type functions rather than governmental, their assets and liabilities have been included with business-type activities in the government-wide financial statements. Internal service funds are not considered major proprietary funds.

The proprietary fund financial statements can be found on pages 36 through 38 of this report. The enterprise funds, water, wastewater, and stormwater are all considered to be major funds of the City and are reported separately in the proprietary fund financial statements in the basic financial statements. All internal service funds are combined into a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements, on pages 114 through 116 of this report.

The City also adopts a biennial appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison schedules have been provided for the enterprise funds as Supplementary Information on pages 110 through 112 and for the internal services funds, on pages 118 through 120.

The City currently reports no Fiduciary funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them. The notes to the financial statements can be found starting on page 40 of this report.

OTHER INFORMATION

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report presents certain supplementary information required by financial reporting standards. Required Supplementary Information can be found starting on page 84 of this report.

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Other Supplementary Information – The report presents combining and individual fund statements and schedules as well as other financial schedules starting on page 99 of this report.

The report also includes statistical information including financial trends, and demographic and economic information. The Statistical Section starts on page 128 of this report.

GOVERNMENT WIDE FINANCIAL ANALYSIS

NET POSITION

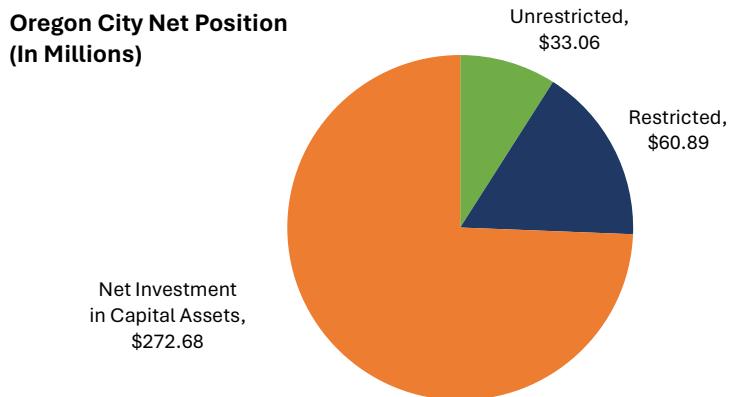
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$366.64 million at the close of this year. This is an increase of \$13.73 million from the beginning net position.

TABLE 1
NET POSITION AS OF JUNE 30

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 93,767,128	\$ 90,800,309	\$ 51,325,902	\$ 49,499,690	\$ 145,093,030	\$ 140,299,999
Capital assets	180,387,549	178,961,962	114,971,161	102,140,379	295,358,710	281,102,341
Total assets	274,154,677	269,762,271	166,297,063	151,640,069	440,451,740	421,402,340
Deferred outflows of resources	10,451,101	8,361,772	2,258,967	1,832,997	12,710,068	10,194,769
Long term liabilities	51,952,464	52,838,795	9,428,275	7,539,883	61,380,739	60,378,678
Other liabilities	9,866,681	8,266,493	5,763,029	2,925,236	15,629,710	11,191,729
Total liabilities	61,819,145	61,105,288	15,191,304	10,465,119	77,010,449	71,570,407
Deferred inflows of resources	7,566,006	5,487,066	1,940,701	1,620,500	9,506,707	7,107,566
Net position:						
Net investment in capital assets	163,349,871	161,318,410	109,334,097	100,349,927	272,683,968	261,668,337
Restricted	60,814,068	59,808,973	82,377	98,808	60,896,445	59,907,781
Unrestricted	(8,943,312)	(9,595,694)	42,007,551	40,938,712	33,064,239	31,343,018
Total net position	\$ 215,220,627	\$ 211,531,689	\$ 151,424,025	\$ 141,387,447	\$ 366,644,652	\$ 352,919,136

At \$272.68 million, or 74.37%, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, infrastructure, and intangible leases and subscriptions, net of accumulated depreciation and amortization) less any related outstanding debt used to acquire those assets. Although the City's net investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot, nor are expected to, be used to liquidate liabilities or for future spending. An additional portion of the City's net position, \$60.89 million, or 16.61%, represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position totaling \$33.06 million or 9.02%. As of June 30, 2025, the City had positive balances in all three categories of net position for the City as a whole.

CITY OF OREGON CITY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025



Governmental activities – Total net position of governmental activities increased \$3.69 million or 1.74% for the year. The \$4.39 million increase in assets included a \$1.43 million increase in capital assets (which represents \$8.02 million of capital asset purchases, contributions and intangible assets offset by \$6.54 million in depreciation and amortization and \$0.05 million in deletions). Current and other assets increased by \$2.97 million, due primarily to a \$2.07 million increase in cash and investments accumulated for future projects and capital acquisitions and a \$0.69 million increase in accounts receivable related to additional franchise taxes and grant revenues.

Long term liabilities decreased by \$0.89 million mostly due to a \$1.56 million increase in the accrued compensated absences liability due to recognition of sick time accrued upon the implementation of GASB Statement No. 101, offset by a \$2.71 million decrease in bonds payable for scheduled debt payments and a \$0.58 million increase to the net pension liability. The increase to other liabilities of \$1.60 million included a rise in accounts payable of \$0.66 million due to construction contracts accrued at year end, a \$0.39 million increase in the accrued compensated absences liability, and a \$0.28 million recognition of Other Postemployment Benefits (OPEB) payable in the next year.

Business-type activities – Total net position of business-type activities increased \$10.04 million or 7.10% for the year. The \$14.66 million increase in assets included a \$0.62 million increase in the investment in South Fork Water Board, a wholesale water distributor jointly owned by the City of Oregon City and the City of West Linn. The increase in assets also included a \$12.83 million increase in capital assets (which represents \$16.71 million of capital asset purchases, contributions and intangible assets offset by \$3.64 million in depreciation and amortization and \$0.24 million in deletions). Total liabilities increased by \$4.73 million is mostly due to a \$2.66 million increase in accounts payable related to capital projects and \$1.57 in borrowings from the Water Infrastructure Finance and Innovation Act (WIFIA) loan program.

More information on capital assets, debt and pension and OPEB liabilities are included in the notes to the financials.

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CHANGES IN NET POSITION

As with the net position, the City reports changes in net position on a consolidated basis. A summary of the changes in net position is shown in Table 2 below.

TABLE 2
CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 13,537,300	\$ 14,945,512	\$ 29,973,561	\$ 28,498,528	\$ 43,510,861	\$ 43,444,040
Operating grants and contributions	7,336,760	7,500,878	3,487,459	2,839,044	10,824,219	10,339,922
Capital grants and contributions	4,195,413	3,995,177	2,356,305	717,435	6,551,718	4,712,612
General revenues						
Property taxes	18,427,542	17,274,465	-	-	18,427,542	17,274,465
Franchise taxes	4,412,147	4,683,625	376,357	354,977	4,788,504	5,038,602
Other	8,336,792	8,401,669	1,431,400	1,475,941	9,768,192	9,877,610
<i>Total revenues</i>	<i>56,245,954</i>	<i>56,801,326</i>	<i>37,625,082</i>	<i>33,885,925</i>	<i>93,871,036</i>	<i>90,687,251</i>
Expenses						
General governmental	12,091,994	10,716,020	-	-	12,091,994	10,716,020
Public safety	14,567,769	13,013,336	-	-	14,567,769	13,013,336
Public works	8,519,850	8,790,708	-	-	8,519,850	8,790,708
Culture and recreation	9,853,118	9,112,168	-	-	9,853,118	9,112,168
Community development	3,593,958	4,259,193	-	-	3,593,958	4,259,193
Interest on long-term debt	829,449	936,726	-	8,484	829,449	945,210
Water	-	-	8,154,293	8,121,872	8,154,293	8,121,872
Wastewater	-	-	15,363,103	12,539,985	15,363,103	12,539,985
Stormwater	-	-	3,971,981	4,088,225	3,971,981	4,088,225
Fleet	-	-	959,930	948,762	959,930	948,762
<i>Total expenses</i>	<i>49,456,138</i>	<i>46,828,151</i>	<i>28,449,307</i>	<i>25,707,328</i>	<i>77,905,445</i>	<i>72,535,479</i>
Changes in net position before transfers	6,789,816	9,973,175	9,175,775	8,178,597	15,965,591	18,151,772
Transfers	(1,406,740)	(37,558)	1,406,740	37,558	-	-
Changes in net position	5,383,076	9,935,617	10,582,515	8,216,155	15,965,591	18,151,772
Beginning net position, as originally reported	211,531,689	201,596,072	141,387,447	133,171,292	352,919,136	334,767,364
Cumulative effect of change in accounting principle for GASB 101	(1,694,138)	-	(545,937)	-	(2,240,075)	-
Beginning net position	209,837,551	201,596,072	140,841,510	133,171,292	350,679,061	334,767,364
Net position - ending	\$215,220,627	\$211,531,689	\$151,424,025	\$141,387,447	\$366,644,652	\$352,919,136

Governmental activities

Net position of governmental activities increased by \$3.69 million. This was less than the prior year increase of \$9.94 million by \$6.25 million. This lesser increase in net position compared to the prior year was due to a \$0.56 million decrease in revenue, a \$2.63 million increase in expense, a \$1.37 million increase in net transfers (the extent to which transfers-out to governmental activities exceeded transfers-in to business-type activities) and a prior period adjustment of \$1.69 million for the implementation of GASB Statement No. 101, Compensated Absences.

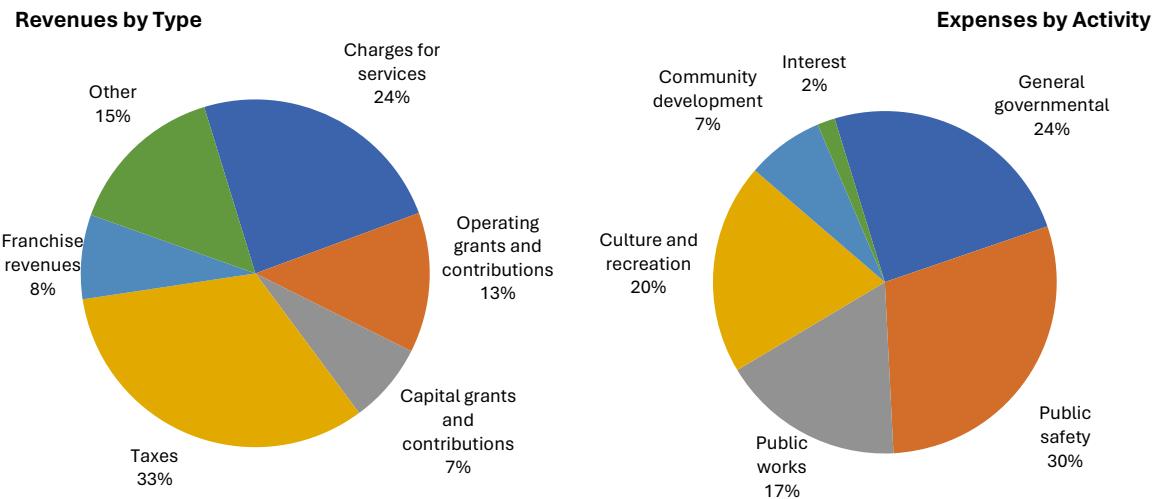
Compared to prior year, revenue decreased \$0.56 million, primarily due to a \$1.41 million decrease in charges for services (due mostly to a decline in license and permit revenue related to a slowdown in commercial and residential construction) and a \$0.27 million decrease in franchise taxes (due to franchise agreement term adjustments), offset by an increase of \$1.15 million in property tax revenue (due to an increase in the tax levied for the City's Urban Renewal District as compared to the prior year). The increase in expense of \$2.63 million represents an increase of 5.61% over the prior year, which reflects an increase in personnel costs due to contractually required wage and benefit increases and capital outlay related to transportation projects.

CITY OF OREGON CITY, OREGON

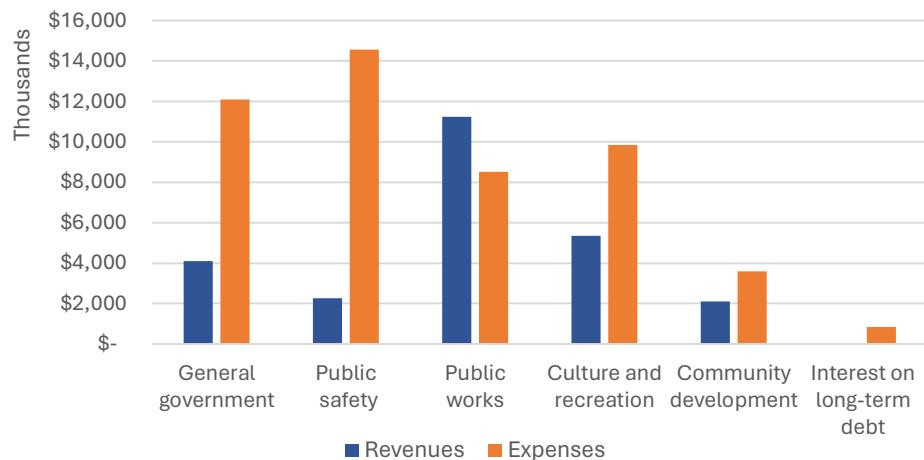
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Revenues and expenses of these governmental activities are highlighted below.

GOVERNMENTAL ACTIVITIES – TOTAL REVENUES AND EXPENSES



GOVERNMENTAL ACTIVITIES – PROGRAM REVENUES AND EXPENSES



Business-type activities

Net position of business-type activities increased by \$10.04 million. This was more than the prior year increase of \$8.22 million by \$1.82 million. The greater increase in net position compared to the prior year was due to a \$3.74 million increase in revenue, a \$2.74 million increase in expense, a \$1.37 million increase in net transfers (the extent to which transfers-in to business-type activities exceeded transfers-out to governmental activities) and a prior period adjustment of \$0.55 for the implementation of GASB Statement No. 101, Compensated Absences.

The increase in revenue was due primarily to a \$1.48 million increase in charges for services (due to inflationary utility rate adjustments), a \$1.64 million increase in capital grants and contributions (due to an increase in capital contributions from developers), a \$0.68 million increase in operating grants and contributions (due to proceeds received through a cost sharing agreement with Water Environmental Services related to the City's inflow and

CITY OF OREGON CITY, OREGON

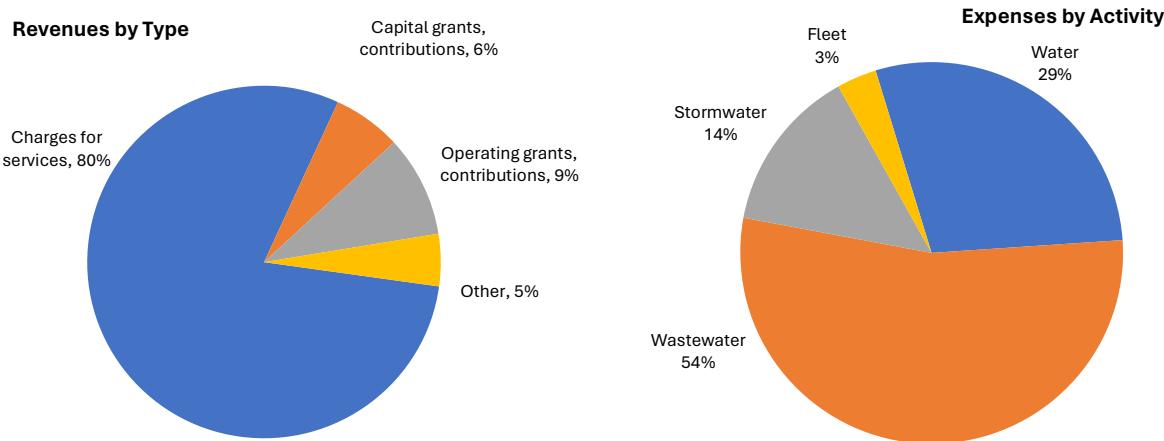
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

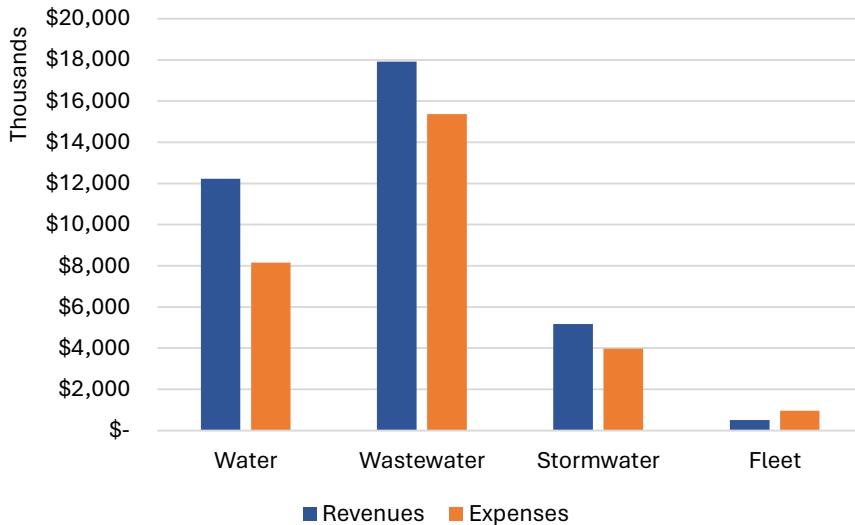
infiltration project) and a \$1.37 million increase in transfers in (the extent to which transfers-in to business-type activities exceeded transfers-out to governmental activities). The increase in expense of \$2.74 million is due in part to an increase in WIFIA capital water projects and wastewater inflow and infiltration projects.

The use of the resources of the business-type activities is restricted to the financing of the continuing operations of water, wastewater, stormwater and fleet operations. Revenues and expenses of these business-type activities are highlighted below.

BUSINESS-TYPE ACTIVITIES TOTAL REVENUES AND EXPENSES



BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES AND EXPENSES



FINANCIAL ANALYSIS OF MAJOR FUNDS

GOVERNMENTAL FUNDS

Major governmental funds include the General, Engineering, System Development, Urban Renewal, Transportation, and Community Facilities Funds.

- The General Fund is the City's main operating fund. Its ending fund balance decreased by \$0.44 million, a difference of \$1.69 million compared to the prior year's increase of \$1.25 million. The \$0.26 million decrease in revenue is mostly due to a decrease in franchise taxes related to franchise agreement term

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

adjustments, and assessments and other taxes due to a decline in transient room tax revenues, offset by an increase in property tax revenue of \$0.35 million. Total expenditures increased by \$1.74 million over the previous year. Major expenditure increases were due to contractually required wage and benefit increases.

- The Engineering Fund remained relatively consistent with a slight increase to its ending balance of \$0.17 million in the current year compared to a \$0.19 million decrease in the prior year. The increase in the ending fund balance reflects an increase in charges for services that exceeded operational costs.
- The System Development Fund collects development charges relating to new construction or improvements and are used to fund capacity increasing capital projects associated with the City's roads, parks, water, wastewater, and stormwater infrastructure. The fund balance decreased by \$0.42 million due to increased capital spending compared to the prior year, which was funded by revenues that remained relatively flat year over year.
- The Urban Renewal Agency's (URA) ending fund balance increased \$1.09 million primarily due to a property tax levy against an incremental assessed value of \$55,165,000 which was approximately 25% of the maximum excess assessed value available to the URA which resulted in \$0.84 million in revenue. The Urban Renewal Commission did not levy any property taxes or expend funds on capital projects in the prior fiscal year.
- The Transportation Fund collects gas taxes and pavement maintenance fees to repair and improve the City's roads, sidewalks and pathways. At year end, fund balance increased by approximately \$0.77 million as a result of the deferral of a portion of budgeted capital spending for transportation projects.
- The Community Facilities Fund ending balance increased by \$1.51 million. This increase represents savings for future capital projects.

PROPRIETARY FUNDS

Major proprietary funds include the Water, Wastewater, and Stormwater Funds. All three of these proprietary funds had increases to the net position mainly due to programmed utility rate increases and capital contributions.

- The net position increase for the Water Fund was \$3.71 million.
- The net position increase for the Wastewater Fund was \$3.90 million.
- The net position increase for the Stormwater Fund was \$1.06 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget adjustments in the General Fund in the current biennium included:

- Recognition of unanticipated additional beginning fund balance and the appropriation of related expenditures in the amount of \$169,000 for the construction of a public restroom in Downtown Oregon City (planned for the end of the prior biennium but carried forward to the current biennium)
- Appropriation of \$47,500 for contracted janitorial services to clean the new public restroom reducing the fund's contingency balance
- Recognition of \$10,000 for developer reimbursement and appropriation of \$40,600 for right-of-way fiber compliance costs reducing the fund's contingency balance
- Appropriation of \$46,600 for additional telephone operational costs associated with phone software upgrades reducing the fund's contingency balance
- Appropriation transfer of \$139,700 from Parks and Recreation to General Government to reclass a Parks Maintenance Specialist to a Facilities Maintenance Specialist
- Appropriation of Subscription-Based Information Technology Arrangements for agenda and meeting software, website software, lease and subscription management software, budget software, and Voice Over Internet Protocol (VOIP) software:
 - recognition of capital outlay for subscription obligations in the amount of \$380,700

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 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

- recognition of proceeds from subscription obligations in the amount of \$367,600
- increase debt by \$46,600 for subscriptions costs associated with phone software upgrades reducing the fund's contingency balance
- reclassify professional expenses of \$582,000 and appropriate debt payments of principal in the amount of \$563,300 and interest in the amount of \$18,700
- Recognition of unanticipated additional beginning fund balance and appropriation of related expenses:
 - in the amount of \$130,000 for additional property insurance costs
 - in the amount of \$125,000 for street light maintenance cost due to utility rate increases
 - in the amount of \$50,000 for ongoing downtown restroom maintenance costs for janitorial, cleanup, damages, etc.
 - in the amount of \$40,000 for general building maintenance costs related to the facilities department created in the 2023-2025 biennium
 - in the amount of \$25,000 for higher than anticipated parks vehicle maintenance costs
 - in the amount of \$20,000 for higher than anticipated police gas and fuel costs
 - in the amount of \$20,000 for completion of the citywide facilities master plan (planned for the end of the prior biennium but carried forward to the current biennium)

Revenues and expenditures were consistent with budgeted amounts for the biennium.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2025, the City had approximately \$295.36 million invested in a broad range of capital assets, including land, buildings and improvements, equipment, roads, bridges, utility infrastructure, lease and subscription assets. Capital assets comprise approximately 67.06% of all City assets. Of that total, infrastructure is the largest component of both governmental and business-type activities. Infrastructure includes road improvements, sidewalks, storm drainage systems, sanitary sewer lines, and water lines.

TABLE 3
CAPITAL ASSETS, NET OF DEPRECIATION AND AMORTIZATION
AS OF JUNE 30

	Governmental Activities		Business-type Activities		Total Government-wide	
	2025	2024	2025	2024	2025	2024
Land	\$ 13,295,346	\$ 13,295,346	\$ 2,797,352	\$ 2,797,352	\$ 16,092,698	\$ 16,092,698
Construction in progress	4,420,684	3,081,028	15,258,406	7,323,879	19,679,090	10,404,907
Equipment	1,300,395	1,335,496	3,635,792	3,251,752	4,936,187	4,587,248
Buildings and improvements	47,558,937	48,538,303	17,549,040	16,876,850	65,107,977	65,415,153
Infrastructure	113,416,255	111,959,501	75,380,615	71,409,677	188,796,870	183,369,178
Leases	81,377	90,937	310,542	403,908	391,919	494,845
Subscriptions	314,555	661,351	39,414	76,961	353,969	738,312
Total	\$ 180,387,549	\$ 178,961,962	\$ 114,971,161	\$ 102,140,379	\$ 295,358,710	\$ 281,102,341

The total increase to the capital asset balance for the City was \$14.26 million from the prior year which was comprised of \$24.74 million in capital asset additions, offset by net decreases of \$0.29 million and depreciation and amortization expense of \$10.19 million. Major capital projects and other capital asset related activities during the fiscal year are highlighted below. Additional information on the City's capital assets can be found in Note 2.D

CITY OF OREGON CITY, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

starting on page 55 of this report.

- ◆ Molalla 24 Inch Transmission Main \$4.36 million
- ◆ Molalla Avenue Sanitary Sewer Inflow and Infiltration Rehabilitation \$3.67 million
- ◆ Holcomb Boulevard Sidewalk \$2.90 million
- ◆ Rivercrest Basin Phase 4 Sanitary Sewer \$1.79 million
- ◆ Holmes Lane Waterline Replacement \$1.21 million
- ◆ Roadway Reconstruction \$1.16 million

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total debt outstanding of approximately \$21.12 million. Of this amount, \$19.55 million represents outstanding debt for the governmental funds while \$1.57 million is for business-type activities. The City's total debt outstanding represents long term borrowings.

Outstanding bonds totaling \$3.22 million are voter approved general obligation bonds which are paid by ad-valorem tax on all taxable property in the City. PERS pension bonds in the amount of \$4.52 million are limited tax obligation funds that are payable from various City funds that have personnel services. Outstanding bonds totaling \$10.81 million, with \$1.00 million in bond premium, are voter-approved full faith and credit bond obligations.

On July 20, 2023, the City closed on a loan with the Federal Environmental Protection Agency (EPA) for \$16.3 million to fund a portion of future water infrastructure projects. There was a \$1.57 million draw down of funds in the current fiscal year.

The City's underlying credit rating is AA+ with a stable outlook by Standard & Poor's.

Under Oregon law, the City is subject to a debt limit in which general obligation debt issues are limited to 3% of real market value of all taxable property within City boundaries. The City was below the legal debt limit.

TABLE 4
LONG-TERM DEBT OUTSTANDING AS OF JUNE 30

	Governmental Activities		Business-type Activities		Total Government-wide	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 3,222,090	\$ 3,528,775	\$ -	\$ -	\$ 3,222,090	\$ 3,528,775
Limited Obligation Bonds	15,325,000	17,470,000	-	-	15,325,000	17,470,000
WIFIA Loan	-	-	1,566,513	-	1,566,513	-
Total Issued Debt Outstanding	18,547,090	20,998,775	1,566,513	-	20,113,603	20,998,775
Bond Premiums/(Discounts)	1,002,420	1,079,529	-	-	1,002,420	1,079,529
Total Long Term Debt	\$ 19,549,510	\$ 22,078,304	\$ 1,566,513	\$ -	\$ 21,116,023	\$ 22,078,304

In addition to long term debt outstanding, the City has a long term compensated absences liability of \$4.09 million, a long term lease liability of \$0.36 million and a long term subscription liability of \$0.18 million. Additional information on the City's debt can be found in Notes 2.E through G on pages 57 through 62 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The largest revenue sources of the City's governmental activities are property taxes, charges for services, and state shared revenues. Oregon has no sales tax, resulting in local government's heavy reliance on property taxes and other self-generated revenues including franchise fees, building permits, business licenses, and so forth. The State Constitution limits the annual growth of maximum assessed value to 3%, other than new development, and caps

maximum property tax rates. The City of Oregon City levies less than its maximum property tax rate to support taxpayers. In 2025, the City's assessed value increased 3.45%. The City's business-type activities are funded through water, wastewater, and stormwater rates; these rates are generally adjusted annually for inflation.

During the budget adoption process, the Urban Renewal Commission declared an Incremental Assessed Value of \$65,875,000 for fiscal year 2025-26, which anticipates approximately \$986,000 of expected collections with prior year collections as \$18,000 and an Incremental Assessed Value of \$68,230,000, which anticipates approximately \$1,022,000 in fiscal year 2026-27 levy collections with prior year collections at \$22,500.

The City, along with local governments across the State, continues to carefully monitor retirement costs resulting from the State-run pension fund, Oregon Public Employee Retirement System (PERS). Further information on PERS can be found in the notes to the financials.

The City budgets on a biennial basis and during preparation of the budget for the ensuing biennium, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The current budget, after adjustments, is \$284.14 million. The City's adopted budget for the July 1, 2025 through June 30, 2027 biennium was \$319.02 million. The following are the major assumptions used in developing the budget:

- ◆ The City's population was estimated at 38,029 with annual growth of 0.75% to 2.00%.
- ◆ The City's tax rate increased \$0.08 to \$4.4890, lower than the City's permanent rate limit of \$5.0571. Oregon City is one of very few cities in Oregon that has the capacity to raise its current tax rate. The City Commission has independent authority to raise the rate by \$0.5681, which would add an additional \$2.37 million per year to the General Fund, net of discounts. However, even with the reduced tax rate, City leaders have been fiscally responsible resulting in strong General Fund reserves. The existing rate will remain unchanged during the biennium.
- ◆ Assessed values, the basis of property tax revenues, were expected to grow by 3.5% for each year of the biennium.
- ◆ Charges for services were scheduled to increase between 3.0% and 12.0% based on previously approved indexing schedules.
- ◆ Interest rates on investments were budgeted conservatively for the biennium.
- ◆ Cost of living increases were proposed for all employees in the amount of 3.00%.
- ◆ Oregon Public Employees Retirement System (PERS) contributions were forecasted to increase 1.9% to 3.48% of covered payroll.
- ◆ Health benefit costs were projected at a 9.8% to 11.0% increase based on current claims and premiums projections prepared by the City's benefits broker.
- ◆ The costs for goods and contracts are projected with inflationary increases.
- ◆ Capital projects and equipment costs are budgeted at projected acquisition or construction cost based on preliminary estimates, reflecting increased construction costs from the prior biennium.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Finance Director at P.O. Box 3040, Oregon City, Oregon 97045-0304.



BASIC FINANCIAL STATEMENTS

CITY OF OREGON CITY, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 85,217,921	\$ 29,844,150	\$ 115,062,071
Accounts receivable, net of allowance	3,121,336	6,059,643	9,180,979
Property taxes receivable	792,273	-	792,273
Assessment liens receivable	2,301,924	51,362	2,353,286
Lease receivable	454,118	413,527	867,645
Settlement receivable	618,491	-	618,491
Note receivable	16,976	-	16,976
Interest receivable	372,105	152,760	524,865
Inventories	-	380,812	380,812
Other postemployment benefit asset	381,119	82,377	463,496
Other assets	490,865	8,544	499,409
Investment in South Fork Water Board	-	14,332,727	14,332,727
Non-depreciable capital and subscription assets	17,716,030	18,055,758	35,771,788
Capital assets, net of depreciation	162,275,587	96,565,447	258,841,034
Lease assets, net of amortization	81,377	310,542	391,919
Subscription assets, net of amortization	314,555	39,414	353,969
Total Assets	274,154,677	166,297,063	440,451,740
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resources related to pensions	8,728,714	1,886,679	10,615,393
Deferred resources related to other benefits	1,722,387	372,288	2,094,675
Total Deferred Outflows of Resources	10,451,101	2,258,967	12,710,068
LIABILITIES			
Accounts payable	2,912,966	4,959,622	7,872,588
Accrued payroll liabilities	1,070,923	210,272	1,281,195
Deposits payable	1,276,779	237,021	1,513,800
Accrued interest payable	69,470	4,406	73,876
Unearned revenue	786,343	-	786,343
Noncurrent liabilities:			
Due within one year:			
Bonds payable	2,713,239	-	2,713,239
Accrued compensated absences	648,742	168,923	817,665
Lease payable	8,893	89,856	98,749
Subscription payable	96,666	31,834	128,500
Other postemployment benefit liability	282,660	61,095	343,755
Due in more than one year:			
Bonds payable, net of unamortized premium	16,836,271	1,566,513	18,402,784
Accrued compensated absences	2,594,970	675,692	3,270,662
Lease payable	78,290	178,316	256,606
Subscription payable	46,532	5,390	51,922
Net pension liability	23,257,061	5,026,928	28,283,989
Other postemployment benefit liability	9,139,340	1,975,436	11,114,776
Total Liabilities	61,819,145	15,191,304	77,010,449
DEFERRED INFLOWS OF RESOURCES			
Deferred resources related to leases	477,190	408,479	885,669
Deferred resources related to pensions	3,257,870	704,177	3,962,047
Deferred resources related to other benefits	3,830,946	828,045	4,658,991
Total Deferred Inflows of Resources	7,566,006	1,940,701	9,506,707
NET POSITION			
Net investment in capital assets	163,349,871	109,334,097	272,683,968
Restricted for:			
Enhancement grants	470,509	-	470,509
Tourism	1,117,692	-	1,117,692
Parks and recreation	8,360,787	-	8,360,787
Urban renewal	10,728,100	-	10,728,100
Public safety	262,802	-	262,802
Public works	31,668,314	-	31,668,314
Library	3,136,798	-	3,136,798
Building operations	4,687,947	-	4,687,947
OPEB benefits	381,119	82,377	463,496
Unrestricted	(8,943,312)	42,007,551	33,064,239
Total Net Position	\$ 215,220,627	\$ 151,424,025	\$ 366,644,652

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
		Expenses	Fees, Fines and Charges for Services	Operating Grants and Contribution	Capital Grants and Contribution	Governmental Activities	Business-type Activities	Totals	
Governmental activities:									
General government									
General government	\$ 12,091,994	\$ 3,483,017	\$ 565,692	\$ 44,000	\$ (7,999,285)	\$ -	\$ (7,999,285)		
Public safety	14,567,769	2,090,351	188,842	-	(12,288,576)	-	(12,288,576)		
Public works	8,519,850	4,402,763	3,086,750	3,735,033	2,704,696	-	2,704,696		
Culture and recreation	9,853,118	1,458,602	3,495,476	401,932	(4,497,108)	-	(4,497,108)		
Community development	3,593,958	2,102,567	-	14,448	(1,476,943)	-	(1,476,943)		
Interest on long-term debt	829,449	-	-	-	(829,449)	-	(829,449)		
Total Governmental activities	49,456,138	13,537,300	7,336,760	4,195,413	(24,386,665)	-	(24,386,665)		
Business-type activities:									
Water									
Water	8,154,293	11,017,371	624,711	597,491	-	4,085,280	4,085,280		
Wastewater	15,363,103	14,105,094	2,862,748	944,844	-	2,549,583	2,549,583		
Stormwater	3,971,981	4,353,391	-	813,970	-	1,195,380	1,195,380		
Fleet	959,930	497,705	-	-	-	(462,225)	(462,225)		
Total Business-type activities	28,449,307	29,973,561	3,487,459	2,356,305	-	7,368,018	7,368,018		
Total Activities	\$ 77,905,445	\$ 43,510,861	\$ 10,824,219	\$ 6,551,718	(24,386,665)	7,368,018	(17,018,647)		
General revenues:									
Property taxes									
Property taxes					18,427,542	-	18,427,542		
Franchise taxes					4,412,147	376,357	4,788,504		
Intergovernmental revenues not restricted for specific purposes					1,070,907	-	1,070,907		
Unrestricted investment earnings					4,096,710	1,370,511	5,467,221		
Miscellaneous					3,169,175	60,889	3,230,064		
Total General revenues					31,176,481	1,807,757	32,984,238		
Transfers					(1,406,740)	1,406,740	-		
Change in net position									
Beginning net position					5,383,076	10,582,515	15,965,591		
Cumulative effect of change in accounting principle for GASB 101					211,531,689	141,387,447	352,919,136		
Beginning net position, as restated					(1,694,138)	(545,937)	(2,240,075)		
Ending net position					209,837,551	140,841,510	350,679,061		
					\$ 215,220,627	\$ 151,424,025	\$ 366,644,652		

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Engineering	System Development	Urban Renewal	Transportation	Community Facilities	Nonmajor Governmental Funds	Total
ASSETS								
Cash and investments	\$ 15,511,368	\$ 1,557,215	\$ 31,333,236	\$ 10,683,710	\$ 5,497,876	\$ 6,780,280	\$ 13,854,236	\$ 85,217,921
Receivables:								
Accounts (net)	1,503,694	-	400,605	44	895,879	185,523	135,591	3,121,336
Property taxes	743,594	-	-	48,679	-	-	-	792,273
Assessment liens	-	-	2,301,924	-	-	-	-	2,301,924
Settlement	618,491	-	-	-	-	-	-	618,491
Lease	387,312	-	39,708	27,098	-	-	-	454,118
Notes	16,976	-	-	-	-	-	-	16,976
Interest	78,001	7,755	156,142	67	27,380	33,766	68,994	372,105
Prepays and deposits	117,048	-	48,858	1,040	294,422	-	29,497	490,865
TOTAL ASSETS	\$ 18,976,484	\$ 1,564,970	\$ 34,280,473	\$ 10,760,638	\$ 6,715,557	\$ 6,999,569	\$ 14,088,318	\$ 93,386,009
LIABILITIES								
Accounts payable	\$ 841,501	\$ 32,289	\$ 1,122,068	\$ 4,689	\$ 678,126	\$ -	\$ 234,293	\$ 2,912,966
Accrued payroll	818,140	19,290	-	-	66,785	-	166,708	1,070,923
Deposits payable	136,629	661,155	43,776	1,800	426,514	-	6,905	1,276,779
Unearned revenue	786,343	-	-	-	-	-	-	786,343
TOTAL LIABILITIES	2,582,613	712,734	1,165,844	6,489	1,171,425	-	407,906	6,047,011
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	656,954	2,521	2,348,876	39,253	8,900	10,976	22,426	3,089,906
Unavailable revenue, settlement	572,538	-	-	-	-	-	-	572,538
Unavailable revenue, leases	416,223	-	35,958	25,009	-	-	-	477,190
Total Deferred Inflows of Resources	1,645,715	2,521	2,384,834	64,262	8,900	10,976	22,426	4,139,634
FUND BALANCES								
Nonspendable:								
Prepays and deposits	117,048	-	48,858	1,040	294,422	-	29,497	490,865
Restricted:								
Enhancement grants	470,509	-	-	-	-	-	-	470,509
Tourism	1,117,692	-	-	-	-	-	-	1,117,692
Parks and recreation	-	-	8,009,108	-	-	-	793,487	8,802,595
Library	-	-	-	-	-	446,673	5,105,372	5,552,045
Building operations	-	-	-	-	-	-	6,459,053	6,459,053
Public safety	262,802	-	-	-	-	-	-	262,802
Public works	-	-	22,671,829	-	4,514,227	4,450,046	-	31,636,102
Urban renewal projects	-	-	-	10,688,847	-	-	-	10,688,847
Committed:								
Pavement maintenance	-	-	-	-	726,583	-	-	726,583
Engineering operations	-	849,715	-	-	-	-	-	849,715
Planning operations	-	-	-	-	-	-	603,847	603,847
Debt service	-	-	-	-	-	-	666,730	666,730
Assigned:								
Police facilities	-	-	-	-	-	763,547	-	763,547
General government facilities	-	-	-	-	-	1,328,327	-	1,328,327
Unassigned	12,780,105	-	-	-	-	-	-	12,780,105
TOTAL FUND BALANCES	14,748,156	849,715	30,729,795	10,689,887	5,535,232	6,988,593	13,657,986	83,199,364
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,976,484	\$ 1,564,970	\$ 34,280,473	\$ 10,760,638	\$ 6,715,557	\$ 6,999,569	\$ 14,088,318	\$ 93,386,009

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON
RECONCILIATION OF BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Fund Balances - Combined Balance Sheet	\$ 83,199,364
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.	3,662,444
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	257,044,320
Accumulated depreciation	(77,052,703)
Intangible lease assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	119,339
Accumulated depreciation	(37,962)
Intangible subscription assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	841,070
Accumulated depreciation	(526,515)
All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
Compensated absences payable	(3,243,712)
Other postemployment benefits	(9,040,881)
Deferred inflows related to other postemployment benefits	(3,830,946)
Deferred outflows related to other postemployment benefits	1,722,387
Accrued interest payable	(69,470)
Long-term debt payable	(19,549,510)
Leases payable	(87,183)
Subscriptions payable	(143,198)
Net pension liability	(23,257,061)
Deferred inflows related to pensions	(3,257,870)
Deferred outflows related to pensions	<u>8,728,714</u>
Net Position of Governmental Activities	<u>\$ 215,220,627</u>

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2025

	General	Engineering	System Development	Urban Renewal	Transportation	Community Facilities	Other Governmental Funds	Total
REVENUES								
Property taxes	\$ 17,538,819	\$ -	\$ -	\$ 844,716	\$ -	\$ -	\$ -	\$ 18,383,535
Franchise taxes	4,412,147	-	-	-	-	-	-	4,412,147
Assessments and other taxes	423,320	-	-	1,854	-	-	-	425,174
Licenses and permits	137,472	142,538	-	-	-	-	1,105,109	1,385,119
Charges for services	4,146,134	896,500	-	113,846	3,363,724	1,262,291	1,007,338	10,789,833
System development charges	-	-	1,605,933	-	-	-	-	1,605,933
Intergovernmental	2,116,631	-	1,083,098	-	3,786,389	-	3,086,792	10,072,910
Fines and forfeitures	1,151,217	-	-	-	-	15,581	-	1,166,798
Interest income	727,325	63,604	1,559,060	514,313	185,462	292,638	633,657	3,976,059
Miscellaneous	545,458	-	100,353	3,178	53,058	-	1,767,488	2,469,535
TOTAL REVENUES	31,198,523	1,102,642	4,348,444	1,477,907	7,388,633	1,570,510	7,600,384	54,687,043
EXPENDITURES								
General government	10,243,819	-	-	390,635	-	-	-	10,634,454
Public safety	13,781,032	-	-	-	-	-	-	13,781,032
Public works	-	927,159	148,865	-	3,805,147	-	-	4,881,171
Culture and recreation	5,327,312	-	75,249	-	-	15,800	2,849,222	8,267,583
Community development	-	-	-	-	-	-	3,725,778	3,725,778
Debt service								
Principal	252,270	-	-	-	978	-	2,451,685	2,704,933
Interest	11,037	-	-	-	504	-	907,528	919,069
Capital outlay								
General government	183,501	-	-	-	-	-	-	183,501
Public safety	98,124	-	-	-	-	-	-	98,124
Public works	-	-	4,541,403	-	2,490,341	-	-	7,031,744
Culture and recreation	447,548	-	-	-	-	230,197	-	677,745
Community development	-	-	-	-	-	-	76,538	76,538
TOTAL EXPENDITURES	30,344,643	927,159	4,765,517	390,635	6,296,970	245,997	10,010,751	52,981,672
REVENUES OVER (UNDER) EXPENDITURES								
	853,880	175,483	(417,073)	1,087,272	1,091,663	1,324,513	(2,410,367)	1,705,371
OTHER FINANCING SOURCES (USES)								
Transfers in	-	50,000	-	-	197,124	1,295,000	1,742,100	3,284,224
Transfers out	(1,297,124)	(51,000)	-	-	(516,000)	(1,106,100)	(21,000)	(2,991,224)
TOTAL OTHER FINANCING SOURCES (USES)	(1,297,124)	(1,000)	-	-	(318,876)	188,900	1,721,100	293,000
NET CHANGE IN FUND BALANCE	(443,244)	174,483	(417,073)	1,087,272	772,787	1,513,413	(689,267)	1,998,371
FUND BALANCE, beginning of year	15,191,400	675,232	31,146,868	9,602,615	4,762,445	5,475,180	14,347,253	81,200,993
FUND BALANCE, end of year	\$ 14,748,156	\$ 849,715	\$ 30,729,795	\$ 10,689,887	\$ 5,535,232	\$ 6,988,593	\$ 13,657,986	\$ 83,199,364

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 1,998,371
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds defer revenues that do not provide current financial resources.	
However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	
Accrued compensated absences	(98,169)
Accrued interest payable	12,511
Changes in pension liabilities and related deferred outflows and inflows of resources	(229,715)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(257,640)
Governmental funds do not report expenditures that do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.	
Capital outlay expenditures	8,067,654
Depreciation	(6,236,809)
Contribution and transfers of capital assets	(42,663)
Lease amortization	(9,560)
Subscription amortization	(295,775)
The net effect of transactions involving capital assets (i.e. sales, trade-ins, lease and SBITA terminations) is to decrease/increase net position	(24,147)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.	
Amortization of premium on bonds issued	77,109
Debt principal paid	2,451,685
Lease financing principal paid	8,392
Subscription financing principal paid	244,856
Subscription termination	(33,111)
Change in Net Position of Governmental Activities	<u><u>\$ 5,383,076</u></u>

CITY OF OREGON CITY, OREGON

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2025

	Water	Wastewater	Stormwater	Total Enterprise Funds	Total Internal Service Funds	Total Proprietary Funds
ASSETS						
Current Assets						
Cash and investments	\$ 6,956,671	\$ 9,878,192	\$ 3,449,059	\$ 20,283,922	\$ 9,560,228	\$ 29,844,150
Accounts receivable, net of allowance	1,359,734	4,014,174	677,549	6,051,457	8,186	6,059,643
Assessment liens receivable	-	51,362	-	51,362	-	51,362
Lease receivable, current portion	26,879	-	-	26,879	-	26,879
Interest receivable	38,779	49,194	17,177	105,150	47,610	152,760
Inventories	336,386	-	-	336,386	44,426	380,812
Prepays and deposits	-	-	-	-	8,544	8,544
Total Current Assets	8,718,449	13,992,922	4,143,785	26,855,156	9,668,994	36,524,150
Noncurrent Assets						
Investment in South Fork Water Board	14,332,727	-	-	14,332,727	-	14,332,727
Lease receivable	386,648	-	-	386,648	-	386,648
Nondepreciable capital assets	7,197,320	9,318,001	1,540,437	18,055,758	-	18,055,758
Capital assets, net of depreciation	46,942,893	28,322,794	18,474,179	93,739,866	2,825,581	96,565,447
Lease assets, net of amortization	15,426	15,426	15,426	46,278	264,264	310,542
Subscription assets, net of amortization	-	-	-	-	39,414	39,414
OPEB Asset	28,960	18,428	22,497	69,885	12,492	82,377
Total Noncurrent Assets	68,903,974	37,674,649	20,052,539	126,631,162	3,141,751	129,772,913
Total Assets	77,622,423	51,667,571	24,196,324	153,486,318	12,810,745	166,297,063
DEFERRED OUTFLOWS OF RESOURCES						
Deferred resources related to pensions	663,262	422,060	515,249	1,600,571	286,108	1,886,679
Deferred resources related to OPEB	130,878	83,283	101,671	315,832	56,456	372,288
Total Deferred Outflows of Resources	794,140	505,343	616,920	1,916,403	342,564	2,258,967
LIABILITIES						
Current Liabilities						
Accounts payable	2,842,322	1,873,424	134,519	4,850,265	109,357	4,959,622
Accrued payroll liabilities	71,387	51,511	52,826	175,724	34,548	210,272
Accrued interest payable	469	39	39	547	3,859	4,406
Deposits payable	68,690	-	168,331	237,021	-	237,021
Current portion of long-term liabilities:						
Lease payable	1,007	1,007	1,007	3,021	86,835	89,856
Subscription payable	-	-	-	-	31,834	31,834
Accrued compensated absences	67,226	32,418	42,101	141,745	27,178	168,923
OPEB Liability	21,478	13,667	16,685	51,830	9,265	61,095
Total Current Liabilities	3,072,579	1,972,066	415,508	5,460,153	302,876	5,763,029
Noncurrent Liabilities						
Lease payable	15,257	15,257	15,257	45,771	132,545	178,316
Subscription payable	-	-	-	-	5,390	5,390
Loans payable	1,566,513	-	-	1,566,513	-	1,566,513
Accrued compensated absences	268,906	129,674	168,402	566,982	108,710	675,692
Net pension liability	1,767,216	1,124,550	1,372,846	4,264,612	762,316	5,026,928
OPEB liability	694,464	441,916	539,488	1,675,868	299,568	1,975,436
Total Noncurrent Liabilities	4,312,356	1,711,397	2,095,993	8,119,746	1,308,529	9,428,275
Total Liabilities	7,384,935	3,683,463	2,511,501	13,579,899	1,611,405	15,191,304
DEFERRED INFLOWS OF RESOURCES						
Deferred resources related to leases	408,479	-	-	408,479	-	408,479
Deferred resources related to pensions	247,553	157,528	192,310	597,391	106,786	704,177
Deferred resources related to OPEB	291,099	185,238	226,138	702,475	125,570	828,045
Total Deferred Inflows of Resources	947,131	342,766	418,448	1,708,345	232,356	1,940,701
NET POSITION:						
Net investment in capital assets	49,933,261	36,610,352	19,973,511	106,517,124	2,816,973	109,334,097
Restricted for:						
OPEB benefits	28,960	18,428	22,497	69,885	12,492	82,377
Unrestricted	20,122,276	11,517,905	1,887,287	33,527,468	8,480,083	42,007,551
Total Net Position	\$ 70,084,497	\$ 48,146,685	\$ 21,883,295	\$ 140,114,477	\$ 11,309,548	\$ 151,424,025

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Water	Wastewater	Stormwater	Total Enterprise Funds	Total Internal Service Funds	Total Proprietary Funds
OPERATING REVENUES						
Charges for services	\$ 9,308,535	\$ 14,105,094	\$ 4,353,391	\$ 27,767,020	\$ 2,206,541	\$ 29,973,561
Miscellaneous	50,823	8,726	880	60,429	460	60,889
Total Operating Revenues	9,359,358	14,113,820	4,354,271	27,827,449	2,207,001	30,034,450
OPERATING EXPENSES						
Personnel services	2,019,390	1,345,087	1,524,842	4,889,319	870,071	5,759,390
Materials and services	4,362,252	11,679,220	1,715,309	17,756,781	1,279,950	19,036,731
Depreciation and amortization	1,307,855	1,388,094	493,059	3,189,008	455,047	3,644,055
Total Operating Expenses	7,689,497	14,412,401	3,733,210	25,835,108	2,605,068	28,440,176
OPERATING INCOME (LOSS)	1,669,861	(298,581)	621,061	1,992,341	(398,067)	1,594,274
NONOPERATING REVENUES (EXPENSES)						
Franchise taxes	-	376,357	-	376,357	-	376,357
Intergovernmental	-	2,862,748	-	2,862,748	-	2,862,748
Investment revenue	276,766	530,416	153,297	960,479	410,032	1,370,511
Interest expense	(930)	(500)	(500)	(1,930)	(7,201)	(9,131)
Increase in equity of South Fork Water Board	624,711	-	-	624,711	-	624,711
Total Nonoperating Revenues (Expenses)	900,547	3,769,021	152,797	4,822,365	402,831	5,225,196
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,570,408	3,470,440	773,858	6,814,706	4,764	6,819,470
Capital contributions	2,022,457	1,117,712	915,876	4,056,045	-	4,056,045
Transfers in	-	-	-	-	1,456,000	1,456,000
Transfers out	(673,000)	(598,000)	(475,000)	(1,746,000)	(3,000)	(1,749,000)
CHANGE IN NET POSITION	3,919,865	3,990,152	1,214,734	9,124,751	1,457,764	10,582,515
Beginning net position	66,377,186	44,246,853	20,819,671	131,443,710	9,943,737	141,387,447
Cumulative effect of change in accounting principle for GASB 101	(212,554)	(90,320)	(151,110)	(453,984)	(91,953)	(545,937)
Beginning net position, as restated	66,164,632	44,156,533	20,668,561	130,989,726	9,851,784	140,841,510
Ending net position	\$ 70,084,497	\$ 48,146,685	\$ 21,883,295	\$ 140,114,477	\$ 11,309,548	\$ 151,424,025

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY, OREGON

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2025

	Water	Wastewater	Stormwater	Total Enterprise Funds	Total Internal Service	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Collected from customers	\$ 9,237,536	\$ 13,452,020	\$ 4,292,326	\$ 26,981,882	\$ 2,205,642	\$ 29,187,524
Other receipts	50,823	8,726	880	60,429	51,981	112,410
Paid to suppliers	(5,073,171)	(11,991,784)	(1,751,442)	(18,816,397)	(1,385,282)	(20,201,679)
Paid to employees	(1,933,730)	(1,376,850)	(1,520,334)	(4,830,914)	(875,034)	(5,705,948)
Net cash provided by (used in) operating activities	2,281,458	92,112	1,021,430	3,395,000	(2,693)	3,392,307
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Cash receipts from taxes	-	376,357	-	376,357	-	376,357
Net cash provided by (used in) non-capital Financing activities	-	376,357	-	376,357	-	376,357
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net of related accounts payable	(2,420,410)	(5,808,253)	(580,681)	(8,809,344)	(829,391)	(9,638,735)
Transfers in	-	-	-	-	1,456,000	1,456,000
Transfers out	(673,000)	(598,000)	(475,000)	(1,746,000)	(3,000)	(1,749,000)
Proceeds from disposal of capital assets	-	176,163	-	176,163	63,903	240,066
Principal paid on leases	(978)	(978)	(978)	(2,934)	(115,611)	(118,545)
Interest paid on leases	(504)	(504)	(504)	(1,512)	(9,032)	(10,544)
Proceeds from debt	1,566,513	-	-	1,566,513	-	1,566,513
Intergovernmental	-	2,862,748	-	2,862,748	-	2,862,748
System development pass through revenue	143,554	601,475	-	745,029	-	745,029
Net cash provided by (used in) capital and related Financing activities	(1,384,825)	(2,767,349)	(1,057,163)	(5,209,337)	562,869	(4,646,468)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on cash equivalents	242,865	481,222	136,120	860,207	362,422	1,222,629
Increase in cash and cash equivalents	1,139,498	(1,817,658)	100,387	(577,773)	922,598	344,825
CASH AND INVESTMENTS, Beginning of year	5,817,173	11,695,850	3,348,672	20,861,695	8,637,630	29,499,325
CASH AND INVESTMENTS, End of year	\$ 6,956,671	\$ 9,878,192	\$ 3,449,059	\$ 20,283,922	\$ 9,560,228	\$ 29,844,150
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,669,861	\$ (298,581)	\$ 621,061	\$ 1,992,341	\$ (398,067)	\$ 1,594,274
Depreciation and amortization	1,307,855	1,388,094	493,059	3,189,008	455,047	3,644,055
<i>Change in assets and liabilities:</i>						
Accounts receivable	(11,675)	(653,074)	(61,065)	(725,814)	50,622	(675,192)
Inventory	(46,473)	-	-	(46,473)	(3,560)	(50,033)
Accounts payable and accrued liabilities, net of capital accounts payable	(644,942)	(293,778)	(50,360)	(989,080)	(90,527)	(1,079,607)
Net pension liability	67,473	(30,908)	26,385	62,950	(6,558)	56,392
Net OPEB asset/liability	21,532	(15,207)	6,536	12,861	(4,674)	8,187
Deferred outflows	(167,321)	(79,242)	(120,382)	(366,945)	(59,025)	(425,970)
Deferred inflows	85,148	74,808	106,196	266,152	54,049	320,201
Net cash provided by (used in) operating activities	\$ 2,281,458	\$ 92,112	\$ 1,021,430	\$ 3,395,000	\$ (2,693)	\$ 3,392,307
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES						
Increase in equity of South Fork Water Board	\$ 624,711	\$ -	\$ -	\$ 624,711	\$ -	\$ 624,711
Capital assets financed with accounts payable	2,639,601	1,029,605	40,267	3,709,473	55,682	3,765,155
Capital contributions	1,878,903	516,237	915,876	3,311,016	-	3,311,016
	\$ 5,143,215	\$ 1,545,842	\$ 956,143	\$ 7,645,200	\$ 55,682	\$ 7,700,882

The notes to the financial statements are an integral part of this statement

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Oregon City, Oregon (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

A. The Financial Reporting Entity

The City of Oregon City, Oregon is a municipal corporation governed by an elected mayor and four commission members who comprise the City Commission. The City Commission exercises supervisory responsibilities over the City operations, but day-to-day management control is the responsibility of a city manager. All significant activities and organizations for which the City is financially accountable are included in the financial statements for the year ended June 30, 2025.

In defining the City of Oregon City for financial reporting purposes, management considers: all funds, organizations, institutions, agencies, departments, and offices that are legally part of the City (the primary government) and organizations for which the City is financially accountable. As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of the primary government, as well as its component units. Component units can be defined as legally separate entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Based on component unit criteria, the City of Oregon City's financial statements include the Oregon City Urban Renewal Agency as a blended component unit. The City Commission and Board of Directors of Oregon City Urban Renewal Agency are composed of the same individuals. Additionally, management of the City manages the activities of the component unit in the same manner as it manages its own activities. The separately issued financial statements of the Oregon City Urban Renewal Agency may be obtained from the Agency at 625 Center Street, Oregon City, Oregon 97045.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

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.

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government, the primary government and its component units. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. All fiduciary activities are excluded from the government-wide statements and are reported only in fund financial statements.

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The City has interfund activity. Any residual balances outstanding at year end from such activity are reported as due from/to other funds. While these balances are reported in fund financial statements, eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Exceptions to this rule include certain services provided between funds at market or near-market rates, which are treated as revenues and expenses. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

The City does not currently use an indirect cost allocation system. Administrative service fees are charged by the General Fund and the Community Development Fund to the other operating funds for services provided (e.g. general administration, financial services, geographic information systems, etc.) and are included as direct program expenses.

Fund financial 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 or fiduciary. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. Currently, the City has general, special revenue, internal service, capital projects, debt service and enterprise type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information.

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 comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria for the determination of major funds: percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses, of either fund category or the governmental and enterprise combined. The City electively presents funds as major funds which either have debt outstanding or specific community focus.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Non-major funds are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules located in the other supplementary information section.

The City reports the following major governmental funds:

General Fund – The government's primary operating fund accounts for the City's legislative activities and administration, human resources, finance, information technology, police department, municipal court, and parks and recreation. The primary revenue sources are property taxes, franchise fees, fines and forfeitures, and intergovernmental revenues.

Engineering Fund – This fund is used to provide engineering review and construction monitoring for private development within the City. Licenses and permits are the primary revenue source.

System Development Fund – This fund accounts for the collection of transportation, water, wastewater, stormwater and parks development charges and their use for related capital projects.

Urban Renewal Fund – This fund accounts for the activity of the Urban Renewal Agency. Property taxes are the primary revenue source. Expenditures are primarily for urban renewal projects.

Transportation Fund – This fund is used to account for the use of state gas tax revenue and pavement maintenance charges for street-related purposes.

Community Facilities Fund – This fund accounts for money set aside for construction of city facilities including the expansion of the library and building of public safety and public works facilities; funded by transfers from other funds.

The City's proprietary funds mainly account for the water, wastewater, and stormwater operations. The City reports the following major proprietary funds:

Water Fund – Accounts for the operation of the City's water system. Customer charges are the primary revenue source.

Wastewater Fund – Accounts for the operation of the City's sanitary sewer collection system. Customer charges are the primary revenue source along with franchise taxes charged to wastewater treatment providers operating in the area for the purpose of recovering costs incurred in providing services.

Stormwater Fund – Accounts for the operation of the City's storm drain activity. Customer charges are the primary revenue source.

Additionally, the City reports nonmajor funds within the governmental fund types:

Special Revenue Funds – The special revenue funds account for revenue derived from specific tax or other earmarked revenue sources, including grants and funds set aside to finance particular functions or activities. Funds included in this category are:

Library Fund – This fund accounts for the operation of the library. Proceeds from the Clackamas County Library Levy are the primary revenue source.

Planning Fund – This fund accounts for personnel costs and other expenditures related to planning and development services. Licenses and charges for service are the primary revenue sources.

Park Donations Fund – This fund is used to account for donations and investment earnings designated for specific park related projects.

Building Fund – This fund is used to account for building inspection and related expenditures. Building permits are the primary revenue source.

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Debt Service Funds

Debt Service Fund – The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds. During the current year, debt principal and interest for the Public Employee Retirement System Bonds and the Oregon City Full Faith and Credit Obligation Bonds were paid from the fund. The City does not have any nonmajor enterprise funds. It does however report internal service funds within the proprietary fund types:

Internal Service Funds

The City has three internal service funds which provide services to other City departments, primarily the enterprise funds. Therefore, the internal service funds are combined with the enterprise funds in the government-wide financial statement. Internal charges are the primary revenue source of these funds. Expenditures are for the purposes as described below.

Fleet Service Fund – This fund accounts for the current operating costs of City owned vehicles.

Customer Service Fund – This fund accounts for the cost of providing utility billing services.

Equipment Replacement Fund – This fund accounts for accumulated resources to be used for vehicle and equipment replacement.

D. Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the Statement of Net Position. The increases and decreases in the net position are presented in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses and Changes in Net Position.

These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Amounts reported as program revenues in the Statement of Activities include (1) fines, fees and charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Grants and contributions not restricted are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and operating expenses are intermediate components within the proprietary fund Statement of Revenues, Expenses and Changes in Net Position, and include only those transactions that constitute their principal, ongoing activities exclusive of investing or financing transactions. Significant operating revenues include charges for services and miscellaneous income. Significant operating expenses include personnel, materials and supplies, outside services, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The governmental fund financial statements are accounted for using a current financial resources measurement focus, whereby only current assets and current liabilities generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby revenues are recorded only when susceptible to accrual (both measurable and available). “Measurable” means that the amount of the transaction can be determined. “Available” is defined as being collectible within the current period or soon enough thereafter (60 days) to be used to liquidate liabilities of the current period. Expenditures other than interest on noncurrent obligations, are recorded when the fund liability is incurred.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Real and personal property taxes are levied as of July 1 for each fiscal year on values assessed as of January 1. Property taxes are an enforceable lien on both real and personal property as of July 1 and are due and payable in installments on November 15, February 15 and May 15. All property taxes are billed and collected by Clackamas County and remitted to the City. In the governmental fund financial statements, property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). Otherwise, they are reported as unavailable revenues.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt, or earlier, if the susceptible accrual criteria are met.

Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Special assessments receivable and repayment of revolving loans are offset by deferred revenues.

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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, deferred inflows and outflows, revenues and expenses. Actual results may differ from such estimates.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less when purchased. Investments for the City, as well as for its component unit, are reported at fair value based on quoted market prices. Interest earned on cash and investments is allocated monthly based on each fund's average cash balance as a proportion of the City's total cash, cash equivalents and investments.

Receivables and Revenues

Receivables for state, county and local shared revenues, included in accounts receivable, are recorded as revenue in the governmental funds as earned.

For governmental fund types, property taxes receivable which have been collected within sixty days subsequent to year end are considered measurable and available and are recognized as revenues. All other property taxes receivable are offset by unavailable property tax revenues and, accordingly, have not been recorded as revenue. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Clackamas County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

Assessments receivable which have been collected within sixty days subsequent to year end are considered measurable and available and are recognized as revenues. All other assessments receivable are offset by unavailable revenue and, accordingly, have not been recorded as revenue.

Lease receivables are recognized at the net present value of the leased assets, reduced by principal payments received. The net present value is calculated using a borrowing rate either explicitly described in the agreement or implicitly determined by the City.

Inventory and Prepays

Inventory in the proprietary funds is stated at cost (first-in, first-out basis) and is charged to expense as used. The purchase method is used for inventory for governmental funds. In both government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future City accounting periods and are recorded as prepaid expenses. The cost of these prepaid items is recorded as expenditures/expenses when consumed.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated capital assets are reported at their acquisition value, that is the price that would be paid to acquire the asset. Estimated acquisition value of donated assets is determined based on engineering estimates of current cost or price indexed cost. Capital assets include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure and other tangible and intangible assets costing over \$10,000 used in operations that have initial useful lives extending beyond a single reporting period. Infrastructure are those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in governmental activities consists of roads, bridges, sidewalks and traffic and lighting systems. Infrastructure reported in business-type activities consists of water, stormwater and wastewater collection systems.

All capital assets, except for infrastructure in governmental activities prior to July 1, 1980, have been capitalized in the government-wide and proprietary fund financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. Purchased capital assets are valued at cost when historical records are available and at estimated historical cost if no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset, including ancillary charges necessary to place the asset into its intended location and condition for use.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and rights-of-way). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by City departments with identical or similar capital assets. Depreciation is calculated on the straight-line basis, except for infrastructure and improvements other than buildings reported in the governmental activities column of the government-wide financial statements, which are calculated using a composite depreciation method.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	40 years
Water and Sewer Infrastructure	20 – 50 years
Governmental Infrastructure	20 – 50 years
Equipment	10 – 20 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

Lease Assets

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.

Subscription Assets

Subscription-based information technology arrangement (SBITA) assets are assets which the City contracts with a vendor that grants the right to use IT software for a term of more than one year. The value of subscriptions are determined by the net present value of the subscriptions at the City's incremental borrowing rate at the time of the subscription agreement, amortized over the term of the agreement.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City reports deferred outflows of resources for both pension and other postemployment benefit (OPEB) related amounts: payments since the measurement date (MD), changes in assumptions, and for the difference between future payments of deferred revenues' projected and actual earnings. This amount is deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures. The City also reports the deferred charge on refunding as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred over the shorter of the life of the refunded or refunding debt. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The governmental funds report unavailable revenues from property taxes, assessment liens, and investment income, as deferred inflows of resources. These items arise only under a modified accrual basis of accounting and accordingly, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reports deferred inflows of resources for both pension and OPEB-related amounts: differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the City's proportionate share of contributions. This amount is deferred and recognized as an inflow of resources in the period when the City's recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

The City also reports deferred inflows of resources for leases.

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Long-Term Debt

Long-term debt directly related and expected to be paid from the enterprise funds is recorded in these funds. All other unmatured long-term debt is recorded on the Statement of Net Position. Repayment of general bonded debt will be made from debt service funds with the exception of the library bonds, which are expenses of the library fund. Payment of compensated absence liabilities will be made from all funds that have personnel expenses. Significant bond premiums, discounts, and amounts deferred on refunding are deferred and amortized over the applicable bond term. Issuance costs are reported as period costs in the year of issue. In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs, as period costs in the year of issue. The face amount of debt issued and any related premium is reported as other financing sources.

Leases Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources which is determined at the time of the lease agreement.

Subscriptions Payable

In the government-wide financial statements, subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments is reported as other financing sources which is determined at the time of the subscription agreement.

Accrued Compensated Absences

Accumulated vested vacation pay, executive leave, floating holiday pay and compensatory time is accrued in the enterprise funds as it is earned by employees. In governmental fund types, the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds and the amount payable from future resources is recorded on the Statement of Net Position. Sick leave is accrued using a methodology that estimates future usage based on historical usage trends. The City uses a three-year look-back period to evaluate the average sick leave usage by program, and accrues a liability only when it is more likely than not that the leave will be used for time off or otherwise paid. The measurement of the liability for compensated absences includes salary-related payments (e.g., employer payroll taxes) that are directly and incrementally associated with the payment of leave balances. Compensated absences payable are recorded as liabilities in the governmental funds only if they have matured (i.e., there are unpaid amounts still outstanding after an employee's termination).

Postemployment Benefits Other Than Pensions (OPEB)

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), the City's OPEB liability is recognized as a long-term liability in the government-wide financial statements and in the proprietary fund statements, the amount of which is actuarially determined. The annual required contribution is recognized on an accrual basis in accordance with actuarial standards. The General Fund liquidates the long-term portions of other postemployment benefits.

For purposes of measuring the net OPEB asset, 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 (PERS), and additions to/deductions from Implicit Rate Subsidy and PERS's fiduciary net position, have been determined

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

on the same basis as they are reported by Implicit Rate Subsidy and PERS. For this purpose, Implicit Rate Subsidy and PERS 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.

Pension Liability – Oregon Public Employees Retirement System (PERS)

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 PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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. The long-term portion of pension liabilities are expected to be paid in future years from future resources. In prior years, these liabilities have been liquidated primarily by the governmental and enterprise funds for which the employees who earned the benefits were assigned.

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 related 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) and includes funds restricted for payment of debt or to acquire or construct capital assets. All other net position is considered unrestricted.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In the fund financial statements, the 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 purposes for which amounts in those funds can be spent. Governmental fund type fund balances are reported in the following classifications.

Nonspendable includes resources that cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted includes resources with constraints placed on their use either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed resources exist when the City Commission takes formal action such as adoption of an ordinance that places specific constraints on how the resources may be used. The City Commission can modify or rescind the commitment at any time through passage of an additional ordinance.

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Assigned resources are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City Commission approves which resources should be "reserved" during the adoption of the budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Comprehensive Financial Report.

Unassigned is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to have been applied. 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 needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

NOTE 2: DETAILED NOTES

A. Cash, Cash Equivalents and Investments

The City maintains a cash, cash equivalents and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed as part of cash and investments by type of activity on the Statement of Net Position. Cash, cash equivalents and investments are comprised of the following at June 30, 2025:

Cash and cash equivalents	
Petty cash	\$ 3,661
Deposits with financial institutions	8,061,350
Local Government Investment Pool	42,614,490
Investments	
US Treasury Securities	59,449,870
US Agency Securities	2,943,380
Corporate Securities	1,989,320
Total cash and investments	\$ 115,062,071

Deposits

Deposits with financial institutions consist primarily of bank demand deposits. The total book balance of deposits at year-end was \$8,061,350 and the bank balance was \$8,348,676. The difference is due to transactions in process.

Custodial Credit Risk – Deposits

There is a risk that in the event of a bank failure, deposits may not be returned. The City does not have a policy related to custodial credit risk. The City's bank balance deposits are secured by the Federal Depository Insurance Corporation (FDIC) for \$250,000. Deposits in excess of FDIC coverage are held at a qualified depository bank and collateralized in accordance with Oregon Revised Statute 295 through a multiple-institution collateral pool administered by the Oregon State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by participating Oregon public fund banks is available to repay the deposits. As of June 30, 2025, \$8,098,676 of the City's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the City's name.

Investments

The City's investment policy, which adheres to the Oregon Revised Statutes, authorize the City to invest in general obligations of the United States and its agencies, certain obligations of specific states and their political subdivisions, time deposits, certificates of deposit, savings accounts, banker's acceptances, corporate indebtedness, repurchase agreements and the State of Oregon Local Government Investment Pool.

State of Oregon Local Government Investment Pool

The City invests in the Local Government Investment Pool (LGIP). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes 294.805 to 294.895 and the Oregon Investment Council govern the LGIP's investment policies. The State Treasurer is the investment officer responsible for the funds, and investments are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The fair value of pool shares is equal to the City's proportionate position in the pool.

Balances in the State of Oregon LGIP are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Fair Value Measurement

The City categorizes its fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the activity level in the market for the security type and the inputs used to determine fair value. Level 1 inputs are quoted prices in active markets for identical instruments; Level 2 inputs are quoted prices for similar instruments in active markets or quoted prices for identical instruments in markets that are not active; Level 3 inputs are valuations derived from techniques in which significant inputs are unobservable. The City reports investments at fair value. The City's investments in U.S. Treasury Securities are Level 1 investments. U.S. Agency and Corporate Securities are Level 2 investments that are valued using quoted prices for similar instruments in active markets.

Interest Rate Risk

As a means of managing its exposure to fair value loss arising from increasing interest rates and to allow investment maturities to coincide with projected needs, the City's investment policy does not allow direct investment in securities maturing more than five and a quarter (5.25) years from the date of purchase. Investment maturities as of June 30, 2025 are as follows:

Investment Type	Total	Less than 12 mos	1 to 3 years	3 to 5 years
US Treasury Securities	\$ 59,449,870	\$ 13,463,865	\$ 27,856,545	\$ 18,129,460
US Agency Securities	2,943,380	1,503,780	-	1,439,600
Corporate Securities	1,989,320	1,002,820	986,500	-
Total	\$ 64,382,570	\$ 15,970,465	\$ 28,843,045	\$ 19,569,060

Credit Risk

The risk that issuers of debt securities will be unable to make scheduled payments exists to some degree for all debt securities. The City's investments in U.S. Agency Securities and U.S. Treasury Securities were rated AA+ and the Corporate Securities were rated AA- by Fitch at year-end. The Local Government Investment Pool is not rated.

Investment Type	Total	AA+/AA-	Not Rated
US Treasury Securities	\$ 59,449,870	\$ 59,449,870	\$ -
US Agency Securities	2,943,380	2,943,380	-
Corporate Securities	1,989,320	1,989,320	-
Local Government Investment Pool	42,614,490	-	42,614,490
Total	\$ 106,997,060	\$ 64,382,570	\$ 42,614,490

Concentration of Credit Risk

To reduce the City's risk of loss that can result from not diversifying investments, the City's investment policy does not allow for investment in any one issuer that exceeds 5% of the City's total investments, with the exception of U.S. Treasuries, Agencies and Instrumentalities and the LGIP. Additionally, at the time of purchase, the policy requires the maximum investments in aggregate for all commercial paper and corporate bonds to be limited to 35% of the total investment portfolio.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Custodial Risk – Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held to those specified by Oregon Revised Statutes and does not allow securities to be held by a counterparty. The City's policy is in compliance with State statutes.

B. Receivables

Receivables at June 30, 2025, consisted of the following:

Governmental Activities						Community Facilities Capital Projects			Other Governmental Funds		Total
	General	Engineering	System Development	Urban Renewal	Transportation						
Accounts	\$ 1,503,694	\$ -	\$ 400,605	\$ 44	\$ 912,281	\$ 190,458	\$ 135,591	\$ 3,142,673			
Property taxes	743,594	-	-	48,679	-	-	-	-			792,273
Assessments	-	-	2,301,924	-	-	-	-	-			2,301,924
Settlement	618,491	-	-	-	-	-	-	-			618,491
Leases	387,312	-	39,708	27,098	-	-	-	-			454,118
Notes	16,976	-	-	-	-	-	-	-			16,976
Interest	78,001	7,755	156,142	67	27,380	33,766	68,994	372,105			
Less: Allowance for uncollectibles	-	-	-	-	(16,402)	(4,935)	-	(21,337)			
	<u>\$ 3,348,068</u>	<u>\$ 7,755</u>	<u>\$ 2,898,379</u>	<u>\$ 75,888</u>	<u>\$ 923,259</u>	<u>\$ 219,289</u>	<u>\$ 204,585</u>	<u>\$ 7,677,223</u>			

Business-type Activities						Internal Service		Total
	Water	Wastewater	Stormwater					
Accounts	\$ 1,400,323	\$ 4,075,001	\$ 694,551	\$ 8,186	\$ 6,178,061			
Assessments	-	51,362	-	-	-			51,362
Leases	413,527	-	-	-	-			413,527
Interest	38,779	49,194	17,177	47,610	152,760			
Less: Allowance for uncollectibles	(40,589)	(60,827)	(17,002)	-	(118,418)			
	<u>\$ 1,812,040</u>	<u>\$ 4,114,730</u>	<u>\$ 694,726</u>	<u>\$ 55,796</u>	<u>\$ 6,677,292</u>			

Based on the payment schedule for special assessments receivable, approximately \$2,113,000 of the amount reported in governmental activities and approximately \$51,000 of the amount reported in business-type activities is not expected to be collected within the next year.

Additionally, approximately \$79,000 of property taxes receivable and \$577,000 of settlement receivable are not expected to be collected within the next year. Based on the payment schedule for leases receivable, approximately \$321,000 in governmental activities and \$387,000 in business-type activities are not expected to be collected within the next year. The note receivable is not expected to be collected within the next year.

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

C. Lease Receivables

The City recognizes a lease receivable for the following contracts in which the City, acting as a lessor, grants a lessee the right to use an asset of the City.

Governmental Activities

The City has a five year lease, expiring in fiscal year 2027, for 2,044 square feet of space located at 624 Taylor Street. Inflows of resources from this lease are recorded in the System Development Fund. The City has a 101 month lease, expiring in fiscal year 2030, for property and submersible land located at 1701 Clackamette Drive. Inflows of resources from this lease are recorded in the General Fund.

The URA has a five-year lease, expiring in fiscal year 2026, for the premises located at 1757 Washington Street, and a two-year lease, that expired in fiscal year 2025, for a portion of the real property located at 1795 Washington Street. Inflows of resources from these two leases are recorded in the Urban Renewal Fund.

Business-Type Activities

The City has two twenty-year leases, expiring in fiscal year 2026 and fiscal year 2038 respectively, with cellular phone companies to lease space on the roof of Boynton Reservoir as a site for cellular antennas. The initial term of the leases are ten years with the option to extend the leases for an additional ten-year term. Inflows of resources from this lease are recorded in the Water Fund.

Lease receivables at June 30, 2025, consisted of the following:

	Outstanding June 30, 2024	Additions	Decrease	Outstanding June 30, 2025	Due Within One Year
Governmental Activities					
Facility Lease, issued January 1, 2022, interest rate at 3.00%, total annual principal and interest ranges from \$24,500 to \$27,375, due 2027	\$ 64,303	\$ -	\$ (24,595)	\$ 39,708	\$ 26,139
Facility Lease, issued June 1, 2021, interest rate at 2.96%, total annual principal and interest ranges from \$27,600 to \$30,000, due 2026	55,836	-	(28,738)	27,098	27,099
Facility Lease, issued January 1, 2021, interest rate at 2.50%, total annual principal and interest ranges from \$46,100 to \$47,300, due 2025	24,660	-	(24,660)	-	-
Facility Lease, issued May 1, 2023 retroactive to July 1, 2021, interest rate at 2.38%, total annual principal and interest ranges from \$86,500 to \$97,400, due 2030	34,971	432,875	(80,534)	387,312	79,668
Total Governmental	\$ 179,770	\$ 432,875	\$ (158,527)	\$ 454,118	\$ 132,906

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

	Outstanding June 30, 2024	Additions	Decrease	Outstanding June 30, 2025	Due Within One Year
Business-type Activities					
Boynton Reservoir Cell Tower, issued March 6, 2016, interest rate at 4.00%, total annual principal and interest \$18,000, due 2026	\$ 36,464	\$ -	\$ (36,464)	\$ -	\$ -
Boynton Reservoir Cell Tower, issued January 1, 2018, interest rate at 2.00%, total annual principal and interest \$30,000, due 2037	439,204	-	(25,677)	\$ 413,527	\$ 26,879
Total Business-type	\$ 475,668	\$ -	\$ (62,141)	\$ 413,527	\$ 26,879
Total lease receivables	\$ 655,438	\$ 432,875	\$ (220,668)	\$ 867,645	\$ 159,785

Future maturities are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 132,906	\$ 9,602	\$ 26,879	\$ 8,271	\$ 159,785	\$ 17,873
2027	97,824	6,536	28,120	7,733	125,944	14,269
2028	89,039	4,359	29,399	7,171	118,438	11,530
2029	94,015	2,185	30,719	6,583	124,734	8,768
2030	40,334	240	32,079	5,968	72,413	6,208
2031-2035	-	-	182,316	19,643	182,316	19,643
2036-2038	-	-	84,015	2,537	84,015	2,537
	\$ 454,118	\$ 22,922	\$ 413,527	\$ 57,906	\$ 867,645	\$ 80,828

Deferred inflow of resources mirrors the principal payment maturities described above.

The City has a five-year lease, expiring in FY 2027, with the Oregon Department of Transportation (ODOT), which grants a temporary easement over and across a portion of Jon Storm Park for a work area for construction purposes. There is no lease receivable or no interest revenue, associated with this lease as the lessee provided a lump sum payment for the entire lease in advance at the commencement of the lease. Deferred inflows of \$33,858 related to the lease are recorded in the General Fund.

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

D. Capital Assets

Activity for capital assets for the fiscal year ended June 30, 2025 is as follows:

Governmental Activities	Balance June 30, 2024	Increases	Reclasses	Decreases	Balance June 30, 2025
Non-depreciable/non-amortizable capital assets					
Land	\$ 13,295,346	\$ -	\$ -	\$ -	\$ 13,295,346
Construction in progress	3,081,028	4,805,886	(3,466,230)	-	4,420,684
Total non-depreciable/non-amortizable	16,376,374	4,805,886	(3,466,230)	-	17,716,030
Depreciable/amortizable capital assets					
Equipment	6,802,613	349,625	54,782	(17,467)	7,189,553
Buildings and improvements	59,404,832	519,230	-	-	59,924,062
Infrastructure	166,452,976	2,350,251	3,411,448	-	172,214,675
Intangible assets - land and easement leases	79,282	-	-	-	79,282
Intangible assets - infrastructure leases	40,057	-	-	-	40,057
Intangible assets - subscriptions	1,091,797	-	-	(250,727)	841,070
Total depreciable/amortizable	233,871,557	3,219,106	3,466,230	(268,194)	240,288,699
Accumulated depreciation/amortization					
Equipment	(5,467,117)	(433,268)	-	11,227	(5,889,158)
Buildings and improvements	(10,866,529)	(1,498,596)	-	-	(12,365,125)
Infrastructure	(54,493,475)	(4,304,945)	-	-	(58,798,420)
Intangible assets - land and easement leases	(21,510)	(7,246)	-	-	(28,756)
Intangible assets - infrastructure leases	(6,892)	(2,314)	-	-	(9,206)
Intangible assets - subscriptions	(430,446)	(295,775)	-	199,706	(526,515)
Total accumulated depreciation/amortization	(71,285,969)	(6,542,144)	-	210,933	(77,617,180)
Depreciable/amortizable capital assets, net	162,585,588	(3,323,038)	3,466,230	(57,261)	162,671,519
Governmental capital assets, net	<u>\$ 178,961,962</u>	<u>\$ 1,482,848</u>	<u>\$ -</u>	<u>\$ (57,261)</u>	<u>\$ 180,387,549</u>

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Business-type Activities	Balance June 30, 2024	Increases	Reclasses	Decreases	Balance June 30, 2025
Non-depreciable/non-amortizable capital assets					
Land	\$ 2,797,352	\$ -	\$ -	\$ -	2,797,352
Construction in progress ¹	7,323,879	13,913,661	(5,802,971)	(176,163)	15,258,406
Total Non-depreciable/non-amortizable	10,121,231	13,913,661	(5,802,971)	(176,163)	18,055,758
Depreciable/amortizable capital assets					
Equipment	12,434,424	885,070	-	(158,432)	13,161,062
Buildings and improvements	23,708,112	813,970	360,104	-	24,882,186
Infrastructure	119,618,255	1,102,201	5,442,867	-	126,163,323
Intangible assets - equipment leases	442,721	-	-	-	442,721
Intangible assets - infrastructure leases	60,161	-	-	-	60,161
Intangible assets - subscriptions	149,958	-	-	-	149,958
Total depreciable/amortizable	156,413,631	2,801,241	5,802,971	(158,432)	164,859,411
Accumulated depreciation/amortization					
Equipment	(9,182,672)	(437,128)	-	94,530	(9,525,270)
Buildings and improvements	(6,831,262)	(501,884)	-	-	(7,333,146)
Infrastructure	(48,208,578)	(2,574,130)	-	-	(50,782,708)
Intangible assets - equipment leases	(88,561)	(89,895)	-	-	(178,456)
Intangible assets - infrastructure leases	(10,413)	(3,471)	-	-	(13,884)
Intangible assets - subscriptions	(72,997)	(37,547)	-	-	(110,544)
Total accumulated depreciation/amortization	(64,394,483)	(3,644,055)	-	94,530	(67,944,008)
Depreciable/amortizable capital assets, net	92,019,148	(842,814)	5,802,971	(63,902)	96,915,403
Business-type capital assets, net	<u>\$ 102,140,379</u>	<u>\$ 13,070,847</u>	<u>\$ -</u>	<u>\$ (240,065)</u>	<u>\$ 114,971,161</u>

¹ Wastewater expenses include an impairment loss of \$176,163 due to a cease in design on the Center Street inflow and infiltration sewer catch basin project.

Depreciation/amortization expense for the year was charged to each function as follows:

Governmental Activities
General government
Public safety
Public works
Culture and recreation
Community development
Total governmental activities accumulated depreciation/amortization
<u>\$ 6,542,144</u>

Business-type Activities
Water
Wastewater
Stormwater
Fleet
Total business type activities accumulated depreciation/amortization
<u>\$ 3,644,055</u>

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

E. Long Term Debt – Bonds Payable

The following table presents current year changes in long-term debt obligations and the current portions due for each issue. Under Oregon Revised Statutes 287A.050, general obligation debt issues are limited to 3% of real market value of all taxable property within the City's boundaries. The City's outstanding general obligation debt of \$3.22 million is significantly below the debt limitation of \$239 million.

	Outstanding June 30, 2024	Issued	Matured / Redeemed	Outstanding June 30, 2025	Due Within One Year
Governmental Activities					
Direct Placement General Obligation Bonds					
Library General Obligation Bonds, Issued January 7, 2015, interest rate at 3.08%	\$ 3,528,775	\$ -	\$ (306,685)	\$ 3,222,090	\$ 316,130
Limited Obligation Bonds					
PERS Limited Tax Pension Obligations, Series 2005, Issued September 28, 2005, interest rates from 4.21% to 5.00%	6,050,000	- -	(1,535,000)	4,515,000	1,690,000
Oregon City Full Faith and Credit Obligations, Series 2018, Issued June 5, 2018, interest rates from 3.00% to 5.00%	11,420,000	- -	(610,000)	10,810,000	630,000
Bond Premiums and Discounts	1,079,529	- -	(77,109)	1,002,420	77,109
Total bonds and premium payable	22,078,304	- -	(2,528,794)	19,549,510	2,713,239
Leases	95,575	- -	(8,392)	87,183	8,893
SBITAs	388,054	- -	(244,856)	143,198	96,666
Compensated Absences (restated) *	2,993,799	249,913	- -	3,243,712	648,742
Total Governmental	\$ 25,555,732	\$ 249,913	\$ (2,782,042)	\$ 23,023,603	\$ 3,467,540
Business-type Activities					
Direct Borrowings					
WIFIA Loan, Issued July 20, 2023, interest rate at 3.94%	\$ -	\$ 1,566,513	\$ -	\$ 1,566,513	N/A
Total borrowings	-	1,566,513	-	1,566,513	-
Leases	355,592	- -	(87,420)	268,172	89,856
SBITAs	68,349	- -	(31,125)	37,224	31,834
Compensated Absences (restated) *	820,298	24,317	- -	844,615	168,923
Total Business-type	\$ 1,244,239	\$ 1,590,830	\$ (118,545)	\$ 2,716,524	\$ 290,613
Total long-term debt	\$ 26,799,971	\$ 1,840,743	\$ (2,900,587)	\$ 25,740,127	\$ 3,758,153

* Compensated Absences beginning balances have been restated for the implementation of GASB 101. The change in the compensated absences liability is presented as a net change.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

Governmental Activities

Direct Placement Library General Obligation Bonds: On January 7, 2015, the City issued \$6,000,000 of voter-approved General Obligation Bonds through a direct placement. The purpose of the bonds were to renovate and expand the Oregon City Library at Carnegie Center. The interest rate on the bonds is 3.08% and the final payment is due June 1, 2034. The City has pledged its full faith and credit and taxing power to pay the Bonds. In the event of default, the outstanding principal amount of the Bonds shall bear interest at the default rate of 6.00% per annum until the default is remedied.

Public Employee Retirement System (PERS) Unfunded Actuarial Liability Bonds: During 2005-06, the City issued \$17,030,000 in bonds to fund its PERS actuarial liability. The bonds are limited tax obligations and are payable from ad valorem property taxes and any unrestricted taxes, fees, charges, and other revenues. They are not general obligation bonds. The bonds bear interest at rates varying between 4.21% and 5.00%. Semiannual payments of interest are due on December 1 and June 1 of each year, and annual payments of principal are due on June 1 of each year. The final payment is due June 1, 2028.

Oregon City Full Faith and Credit Obligations: The City issued \$16,000,000 of voter-approved Full Faith and Credit Obligation bonds dated June 5, 2018, to provide a new police and municipal court facility. The bonds were issued at a premium of \$1,542,183 resulting in face value of the bonds of \$14,615,000. The bond premium is to be amortized over the life of the bonds, which mature in 2038. Interest rates on the bonds range from 3.00% to 5.00%.

Business-Type Activities

Water Infrastructure Finance and Innovation Act (WIFIA) Loan: On July 20, 2023, the City closed on a loan agreement for \$16,311,537 with Federal Environmental Protection Agency (EPA) through their WIFIA program. This loan finances up to 49% of the identified water system improvement projects totaling \$33,288,850. The interest rate is 3.94%, and as of June 30, 2025, the City has drawn down \$1,566,513. Payment of principal is deferred until after substantial completion in fiscal year 2028. The City notified WIFIA, it has chosen to make interest-only payments prior to December 1, 2030, and the final maturity date for the WIFIA loan is June 1, 2063.

The City was in compliance with all covenants at June 30, 2025.

Future Principal and Interest

Future maturities of bond principal and interest at June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Governmental Activities				Total	
	Bonds		Direct Placement Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,320,000	\$ 697,631	\$ 316,130	\$ 99,240	\$ 2,636,130	\$ 796,871
2027	2,505,000	587,863	325,867	89,504	2,830,867	677,367
2028	1,660,000	469,089	335,904	79,467	1,995,904	548,556
2029	710,000	392,900	346,250	69,121	1,056,250	462,021
2030	745,000	357,400	356,914	58,457	1,101,914	415,857
2031-2035	4,325,000	1,197,300	1,541,025	120,458	5,866,025	1,317,758
2036-2040	3,060,000	248,000	-	-	3,060,000	248,000
	<u>\$ 15,325,000</u>	<u>\$ 3,950,183</u>	<u>\$ 3,222,090</u>	<u>\$ 516,247</u>	<u>\$ 18,547,090</u>	<u>\$ 4,466,430</u>

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

F. Long Term Debt – Leases Payable

The City recognizes a lease payable for the following contracts in which the City, acting as a lessee, is granted the right to use the asset of another entity.

Governmental Activities

The City has three leases with the Oregon Department of State Lands for submerged and submersible land in the Willamette River adjacent to Jon Storm Park and Sportcraft Landing for use as a marina and dock. The terms of the leases are each fifteen years, expiring in fiscal years 2031, 2034, and 2037, respectively. Outflows of resources for these leases are recorded in the General Fund.

The City has a lease with Beaver Creek Cooperative Telephone Co. for conduit. The term of the lease is twenty years, expiring in fiscal year 2039. Outflows of resources for this lease are allocated equally across five funds; two of which are included in Governmental Activities: the General Fund and the Transportation Fund.

Business-Type Activities

The City has a lease with Beaver Creek Cooperative Telephone Co. for conduit. The term of the lease is twenty years, expiring in fiscal year 2039. Outflows of resources for this lease are allocated equally across five funds; three of which are included in Business-Type Activities: the Water Fund, the Wastewater Fund, and the Stormwater Fund.

The City has seven leases with Axon for various types of public safety equipment including body worn cameras, tasers, taser accessories and fleet cameras. The terms of the leases vary from 44 months to 60 months, expiring in fiscal years 2026, 2027, 2028 and 2029. Outflows of these resources for these leases are recorded in the Equipment Replacement Fund.

	Outstanding June 30, 2024	Additions	Decrease	Outstanding June 30, 2025	Due Within One Year
Governmental Activities					
ODSL Marina at Sportcraft, issued August 1, 2015, interest rate at 3.00%, total annual principal and interest ranges from \$3,300 to \$5,100, due 2031	\$ 25,246	\$ -	\$ (3,576)	\$ 21,670	\$ 3,813
ODSL Marina at Jon Storm Park, issued May 1, 2019, interest rate at 3.00%, total annual principal and interest ranges from \$2,800 to \$4,400, due 2034	30,028	-	(2,536)	27,492	2,715
ODSL Dock at Jon Storm Park, issued January 1, 2022, interest rate at 3.00%, total annual principal and interest ranges from \$475 to \$700, due 2037	5,818	-	(325)	5,493	350
Beavercreek Cooperative Telephone Company Conduit, issued November 1, 2018, interest rate at 3.00%, total annual principal and interest \$3,000, due 2039	34,483	-	(1,955)	32,528	2,015
Total Governmental	\$ 95,575	\$ -	\$ (8,392)	\$ 87,183	\$ 8,893

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

Business-type Activities

Beavercreek Cooperative Telephone Company Conduit, issued November 1, 2018, interest rate at 3.00%, total annual principal and interest \$3,000, due 2039	\$ 51,724	\$ -	\$ (2,933)	\$ 48,791	\$ 3,022
Body Worn Cameras - Traffic, issued October 1, 2021, interest rate at 0.632%, total annual principal and interest \$2,134, due 2026	4,228	-	(1,836)	2,392	2,120
Taser 7 Cert Bundle, issued October 1, 2022, interest rate at 3.305%, total annual principal and interest \$10,499, due 2028	29,526	-	(9,524)	20,002	9,838
Taser Accessories, issued April 1, 2022, interest rate at 2.157%, total annual principal and interest \$10,800, due 2027	20,922	-	(10,349)	10,573	10,573
Body Worn Cameras - Detectives, issued January 1, 2023, interest rate at 2.676%, total annual principal and interest \$2,683, due 2027	7,637	-	(2,479)	5,158	2,545
Tasers, issued September 15, 2023, interest rate at 2.736%, total annual principal and interest \$8,449, due 2029	31,606	-	(7,584)	24,022	7,792
Fleet Cameras, issued August 31, 2023, interest rate at 2.7360%, total annual principal and interest \$8,544, due 2028	24,291	-	(7,879)	16,412	8,095
Fleet Cameras, issued January 15, 2024, interest rate at 2.312%, total annual principal and interest \$49,128, due 2029	185,658	-	(44,836)	140,822	45,871
Total Business-type	\$ 355,592	\$ -	\$ (87,420)	\$ 268,172	\$ 89,856
Total lease payables	\$ 451,167	\$ -	\$ (95,812)	\$ 355,355	\$ 98,749

Future maturities are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 8,893	\$ 2,588	\$ 89,856	\$ 6,825	\$ 98,749	\$ 9,413
2027	9,416	2,320	79,419	4,603	88,835	6,923
2028	9,963	2,037	59,451	2,571	69,414	4,608
2029	10,534	1,737	3,306	1,138	13,840	2,875
2030	11,130	1,420	3,407	1,038	14,537	2,458
2031 - 2035	27,189	3,474	18,652	3,569	45,841	7,043
2036 - 2039	10,058	509	14,081	733	24,139	1,242
	\$ 87,183	\$ 14,085	\$ 268,172	\$ 20,477	\$ 355,355	\$ 34,562

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

G. Long Term Debt – Subscriptions Payable

The City recognizes a subscription payable for the following contracts in which the City is granted the right to use the asset of another entity.

Governmental Activities

The City has a subscription for computer operating system software. The term of the subscription is three years expiring in fiscal year 2025. Outflows of resources for this subscription is recorded in the General Fund.

The City has a subscription for access to database services through Law Enforcement Date System (LEDS) and the National Crime Information Center (NCIC). The term of the subscription is four years expiring in fiscal year 2025. Outflows of resources for this subscription is recorded in the General Fund.

The City has a subscription for agenda and meeting software. The term of the subscription is two years expiring in fiscal year 2026. Outflows of resources for this subscription is recorded in the General Fund.

The City has a subscription for website software. The term of the subscription is two years expiring in fiscal year 2026. The City partially terminated one component of the subscription in September 2024. Outflows of resources for this subscription is recorded in the General Fund.

The City has a subscription for lease and subscription management software. The term of the subscription is three years expiring in fiscal year 2027. Outflows of resources for this subscription is recorded in the General Fund.

The City has a subscription for budget software. The term of the subscription is four years expiring in fiscal year 2027. Outflows of resources for this subscription is recorded in the General Fund.

The City has a subscription for Voice Over Internet Protocol (VOIP) software. The term of the subscription is three years expiring in fiscal year 2027. Outflows of resources for this subscription is recorded in the General Fund.

Business-Type Activities

The City has two subscriptions for various types of public safety software including redaction software and body worn camera software. The terms of the subscriptions vary from 49 months to 60 months, expiring in fiscal years 2026 and 2027, respectively. Outflows of these resources for these leases are recorded in the Equipment Replacement Fund.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2025

	Outstanding June 30, 2024	Additions	Decrease	Outstanding June 30, 2025	Due Within One Year
Governmental Activities					
Computer Operating System Software, issued February 1, 2023, interest rate at 2.656%, total annual principal and interest of \$106,771, due 2025	\$ 104,009	\$ -	\$ (104,009)	\$ -	\$ -
LEDS and NCIC Software, issued July 1, 2021, interest rate at 2.656%, total annual principal and interest ranging from \$13,000 to \$15,700, due 2025	15,364	-	(15,364)	-	-
Agenda and Meeting Software, issued June 1, 2024, interest rate at 2.580%, total annual principal and interest of \$9,032, due 2026	17,538	-	(8,733)	8,805	8,805
Website Software, issued September 8, 2023, interest rate at 2.184%, total annual principal and interest ranging from \$17,100 to \$18,467, due 2026	68,869	-	(50,797)	18,072	18,072
Lease and SBITA Software, issued March 1, 2024, interest rate at 2.426%, total annual principal and interest ranging from \$10,000 to \$10,816, due 2027	20,463	-	(9,904)	10,559	10,559
Budget Software, issued August 3, 2023, interest rate at 2.786%, total annual principal and interest ranging from \$32,397 to \$37,504, due 2027	101,440	-	(31,191)	70,249	33,761
Voice Over Internet Protocol (VOIP) Software, issued March 1, 2024, interest rate at 2.426%, total annual principal and interest ranging from \$10,095 to \$26,057, due 2027	60,371	-	(24,858)	35,513	25,469
Total Governmental	\$ 388,054	\$ -	\$ (244,856)	\$ 143,198	\$ 96,666
Business-type Activities					
Body Camera Redaction Software, issued August 1, 2022, interest rate at 2.2753%, total annual principal and interest \$5,513, due 2026	\$ 15,812	\$ -	\$ (5,153)	\$ 10,659	\$ 5,269
Body Worn Camera Software, issued July 1, 2021, interest rate at 2.2753%, total annual principal and interest of \$27,168, due 2027	52,537	-	(25,972)	26,565	26,565
Total Business-type	\$ 68,349	\$ -	\$ (31,125)	\$ 37,224	\$ 31,834
Total subscription payables	\$ 456,403	\$ -	\$ (275,981)	\$ 180,422	\$ 128,500

Future maturities are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 96,666	\$ 3,424	\$ 31,834	\$ 847	\$ 128,500	\$ 4,271
2027	46,532	1,067	5,390	123	51,922	1,190
	\$ 143,198	\$ 4,491	\$ 37,224	\$ 970	\$ 180,422	\$ 5,461

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

H. Postemployment Benefits Other than Pensions (OPEB)

The City follows *GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

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:

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 463,496	\$ 463,496
Deferred Outflows of Resources			
Change in Assumptions	1,594,718	-	1,594,718
Difference in Earnings	-	13,087	13,087
Change in Proportionate Share	-	63,305	63,305
Contributions After MD	423,563	2	423,565
OPEB Liability	(11,458,531)	-	(11,458,531)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(3,822,391)	(9,065)	(3,831,456)
Change in Assumptions	(818,269)	(5,863)	(824,132)
Change in Proportionate Share	-	(3,403)	(3,403)
OPEB Expense/(Income)*	709,699	(6,167)	703,532

*Included in operating expenses on the Statement of Revenues, Expenses and Changes in Net Position

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

I. Other Postemployment Benefits (OPEB) – Health Insurance

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 the City Commission. The City has not established a formal plan or an irrevocable trust (or equivalent arrangement) to account for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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>.

Benefits Provided

Implicit rate subsidy: As required by ORS 243.303, the City must offer retirees the same group health and dental insurance as provided to current employees from the date of retirement to the age when retirees and spouses typically become eligible for Medicare. The difference between retiree claims costs, which because of the effect of age is generally higher than plan members, and the amount of retiree healthcare premiums represents the implicit employer contribution.

Explicit rate subsidy: Based on negotiated union agreements, the City provides retiree health benefits to employees that retired from active service while eligible to receive a pension benefit from Oregon PERS meeting one of the following three criteria:

- Hired before July 1, 2005 for retirees represented by AFSCME
- Hired before November 17, 2005 for Management retirees
- Retired while represented by the Oregon City Police Employees' Association

Retirees under 65 are eligible to receive the same medical and dental coverage as active employees. 50% or \$100, whichever is less, of the premiums for the medical plan are paid by the Employer for AFSCME retirees. 50% of the premiums for the medical plan are paid by the Employer for Police retirees. 100% of the premiums for the medical plan are paid by the Employer for Management retirees. The retiree is responsible for the dental premiums. No spousal or family coverage is paid for by the Employer (single premium amounts only). For Police retirees over age 65, 50% of the premiums for Medicare supplemental health care coverage are paid by the Employer for the retiree only. For Management retirees over age 65, the City pays 100% of the Medicare supplemental health care coverage. Coverage for AFSCME retirees ends when the retiree turns 65.

Funding Policy and Covered Employees

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis, with all insurance premium costs paid in full by the individual for management personnel hired after November 17, 2005 and AFSCME personnel hired after July 1, 2005.

As of the valuation date of July 1, 2024, the following employees were covered by the benefit terms:

Active employees	220
Eligible retirees	111
Spouses of ineligible retirees	0
Total participants	331

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

OPEB Plan Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's OPEB liability of \$11,458,531 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2024. For the fiscal year ended June 30, 2025, the City recognized OPEB expense from this plan of \$709,699. The City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,822,391
Changes of assumptions	1,594,718	818,269
Total (prior to post-MD contributions)	1,594,718	4,640,660
Contributions subsequent to the MD	423,563	-
Total	\$ 2,018,281	\$ 4,640,660

Deferred outflows of resources related to OPEB of \$423,563 resulting from the City's contributions subsequent to the measurement date will be recognized as a decrease of the OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2026	\$ (314,877)
2027	(404,801)
2028	(444,177)
2029	(450,757)
2030	(450,757)
Thereafter	(980,573)
Total	<u>\$ (3,045,942)</u>

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

Actuarial Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The OPEB liability in the July 1, 2024 actuarial 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	2.40 percent
Discount Rate*	3.93 percent
Projected Salary Increases	3.40 percent overall payroll growth
Retiree Healthcare Participation	45% 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 and retirees. Additionally, the General Service male employee table has a 15% load, the General Service female employee table has a 25% load, and the Safety male employee table has a 25% load. Future mortality improvement is projected generationally with unisex 2019 Social Security data scale. Healthcare cost trend rate: Medical and vision: 6.9 percent pre-65 and 8.25 percent post-65 in 2024 then decreasing to 3.75 percent by 2072.

*The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

Changes in the OPEB Liability

OPEB Liability	
Balance as of June 30, 2024	\$ 11,372,626
Changes for the year:	
Service cost	651,737
Interest on total OPEB liability	432,135
Effect of economic demographic gains or losses	(1,635,076)
Effect of assumptions changes or inputs	1,010,547
Benefit payments	<u>(373,438)</u>
Balance as of June 30, 2025	<u>\$ 11,458,531</u>

Changes in assumptions are the result of the change in the discount rate from 3.65% to 3.93%. Assumption changes also include an assumed medical and vision cost increase. The annual pay rate remained the same at 3.4%. Rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2023 actuarial valuation of retirement benefits are used for withdrawal, retirement and mortality rates.

Sensitivity of the OPEB Liability

The following presents the City's OPEB liability, calculated using the discount rate of 3.93%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
OPEB Liability	\$ 12,757,309	\$ 11,458,531	\$ 10,349,304

Healthcare Cost Trend:

	1% Decrease	Current Health Care Trend Rates	1% Increase
OPEB Liability	\$ 10,167,358	\$ 11,458,531	\$ 13,023,488

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

J. Other Postemployment Benefits (OPEB) – Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (PERS), 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. RHIA pays a monthly contribution toward the cost of health insurance for eligible PERS members. Oregon Revised Statute (ORS) 238.420 established this trust fund and authorized the Oregon Legislature to establish and amend the benefit provisions. The Oregon Legislature has delegated this authority to the Public Employees Retirement Board. The plan is closed to new entrants hired after August 29, 2003. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700 or online at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

ORS 238.420 authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. 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 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.

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, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. The City contributed 0.0% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Typically, the City contributes an actuarially determined percent 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 10 years. The City's total contributions for the year ended June 30, 2025 were \$2.

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

At June 30, 2025, the City reported an asset of \$463,496 for its proportionate share of the PERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2025, the City's proportionate share was 0.11475272%, which is a decrease from its proportion of 0.15008210% as of June 30, 2024.

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

For the year ended June 30, 2025, the City recognized OPEB income from this plan of \$6,167. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,065
Changes of assumptions	-	5,863
Net difference between projected and actual earnings on investments	13,087	-
Changes in proportionate share	63,305	3,403
Differences between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	<u>76,392</u>	<u>18,331</u>
Contributions subsequent to the MD	2	-
Total	<u>\$ 76,394</u>	<u>\$ 18,331</u>

Deferred outflows of resources related to OPEB of \$2 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) as follows:

<u>Year ended June 30:</u>		
2026	\$ 27,874	
2027	21,596	
2028	7,080	
2029	1,511	
Total	<u>\$ 58,061</u>	

Actuarial Methods and Assumptions

The net OPEB asset in the December 31, 2022 actuarial valuation was determined using the actuarial methods and assumptions as listed below in Note K – Pension Plan – Oregon Public Employees Retirement System under the “Actuarial Assumptions” section except for:

Long-Term Expected Rate of Return

The Long-Term Expected Rate of Return is the same as listed below in Note K – Pension Plan – Oregon Public Employees Retirement System (PERS) under the “Long-term Expected Rate of Return” section.

Discount Rate

The discount rate used to measure the net OPEB asset 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the net OPEB asset.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

Sensitivity of the City's proportionate share of the net OPEB (asset) to changes in the discount rate

The following presents the City's proportionate share of the net OPEB (asset) calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net OPEB (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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Asset	\$ (429,057)	\$ (463,496)	\$ (493,150)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2024 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement date that require disclosure.

K. Pension Plan – Oregon Public Employees Retirement System (PERS)

Plan Description

The City is a participating employer in the Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. All benefits of PERS are established by the Oregon Legislature pursuant to ORS Chapters 238 and 238A. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system as the governing body of PERS.

The *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* (OPSRP), established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. Both plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

PERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained by writing to PERS, PO Box 23700, Tigard, Oregon, 97281, by calling 503-598-7377 or on their website at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Benefits Provided

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage, 1.67% for General Service employees and 2% for Police and Fire 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

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

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 is limited for all members beginning in 2021. The limit was equal to \$238,567 as of January 1, 2025 and it is indexed with inflation every year. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

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.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2003.

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 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

Members may choose to continue participation in a variable account after retiring and may experience annual benefit fluctuations by changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

2. *Oregon Public Service Retirement Plan (OPSRP) Defined Benefit Pension Program – ORS Chapter 238A Pension Benefits*

The OPSRP pension program is available for 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:

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

- Police and Fire: 1.8% 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% 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 is limited for all members beginning in 2021. The limit was equal to \$238,567 as of January 1, 2025 and is indexed with inflation every year.

A member of the OPSRP Pension Program becomes vested on the earliest of 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, or, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

Disability Benefits

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

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% on the first \$60,000 of annual benefit and \$750 plus 0.15% on annual benefits above \$60,000.

3. *OPSRP Individual Account Program (IAP)*

Pension Benefits

The IAP is an individual account -based program under the PER tax-qualified governmental plan as defined under ORS 238A.400 and 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 contributions are deposited into a separate employer account. The member becomes vested in this account 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. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the IAP may receive the amounts in the 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

CITY OF OREGON CITY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

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

PERS contracts with VOYA Financial to maintain IAP participant records.

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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. 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%) contributions. Employer contributions for the year ended June 30, 2025 were \$3,467,719 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were:

- 23.42% for Tier One/Tier Two General Service Member
- 23.42% for Tier One/Tier Two Police and Fire
- 18.09% for OPSRP Pension Program General Service Members
- 22.88% 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% of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members 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.

Effective January 1, 2020, Senate Bill 1049 redirects 2.5% of IAP contributions for Tier One/Tier Two members and 0.75% of IAP contributions for OPSRP members into an Employee Pension Stability Account (EPSA). Members have the option to voluntarily contribute after tax to their IAP accounts to make up this difference.

Member contributions were \$1,046,646 for the year ended June 30, 2025, of which \$190,410 was redirected to EPSA.

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

At June 30, 2025, the City reported a liability of \$28,283,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

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, 2025, the City's proportion was 0.12724920% which was decreased from its proportion of 0.14759269% measured as of June 30, 2024.

For the year ended June 30, 2025, the City recognized pension expense of \$3,798,394. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,675,566	\$ 67,504
Changes of assumptions	2,843,681	3,643
Net difference between projected and actual earnings on investments	1,796,824	-
Changes in proportion	627,677	2,533,594
Differences between employer contributions and proportionate share of contributions	<u>203,926</u>	<u>1,357,306</u>
Total (prior to post-MD contributions)	<u>7,147,674</u>	<u>3,962,047</u>
Contributions subsequent to the MD	3,467,719	-
 Total	 <u>\$ 10,615,393</u>	 <u>\$ 3,962,047</u>

The City's contributions subsequent to the measurement date of \$3,467,719 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as 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>	
2026	\$ (625,233)
2027	2,475,272
2028	993,228
2029	326,827
2030	15,533
 Total	 <u>\$ 3,185,627</u>

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

Actuarial assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, published July 24, 2023
Actuarial Cost Method	Entry Age Normal
Administrative Expenses	\$64 million per year is added to the total system normal cost and allocated between Tier One/Tier Two and OPSRP based on valuation payroll.
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 2022 Experience Study, which reviewed experience for the four-year period ending on December 31, 2022.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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 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.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2025

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.

Asset Class	Target Allocation
Cash	0.0%
Debt Securities	25.0%
Public Equity	27.5%
Private Equity	20.0%
Real Estate	12.5%
Real Assets	7.5%
Diversifying Strategies	7.5%
Opportunity ¹	
Total	100.0%

¹ Opportunity has no strategic target as investments are only pursued on an opportunistic or episodic basis.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100.00%	
Assumed Inflation - Mean		2.35%

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.

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

Determining the 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.

Discount rate

The discount rate used to measure the total pension liability was 6.90% 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.

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%, 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%) or 1 percentage point higher (7.90%) 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)	\$ 44,616,844	\$ 28,283,989	\$ 14,604,425

Pension plan fiduciary net position

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

Changes in Plan Provisions During the Measurement Period

For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. A legislative change that occurred after the December 31, 2022 Actuarial Valuation date affected the plan provisions reflected for June 30, 2024 financial reporting liability calculations.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

House Bill 4045, enacted in April 2024, lowered the normal retirement age for OPSRP Police & Fire members from age 60 to age 55 effective January 1, 2025. Members still qualify for earlier unreduced retirement if age 53 with 25 or more years of service. This plan change is reflected in the June 30, 2024 Total Pension Liability, including the revised retirement rates for OPSRP Police & Fire members to reflect the lower normal retirement age as disclosed in the December 31, 2023 Actuarial Valuation published on September 19, 2024.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement date which require disclosure.

L. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section (IRC) 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In accordance with IRC 457, the City has transferred all of the Plan assets into trust accounts. The assets and income of the transferred plans are held for the exclusive benefit of the participants and their beneficiaries, and accordingly are not included in the City's financial statements.

M. Transfers and Interfund Transactions

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfer activity for the year ended June 30, 2025 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,297,124
Library Fund	290,000	-
Community Development Fund	346,000	1,000
Building Fund	-	20,000
Engineering Fund	50,000	51,000
Transportation Fund	197,124	516,000
Community Facilities Fund	1,295,000	1,106,100
Debt Service	1,106,100	-
Water Fund	-	673,000
Wastewater Fund	-	598,000
Stormwater Fund	-	475,000
Equipment Replacement Fund	1,456,000	-
Customer Service Fund	-	3,000
Total Transfers	\$ 4,740,224	\$ 4,740,224

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

Capital assets are not financial resources in governmental funds but are reported in the Statement of Net Position at their net depreciable value. The System Development fund transferred capital assets to proprietary funds during the year in the amounts shown below. These amounts were recorded as capital contributions in the proprietary funds but are not recorded in the governmental funds; conversely, they are eliminated as interfund transactions in the government-wide statement of activities.

Fund	Transfers In	Transfers Out
Governmental Activities	\$ -	\$ 1,699,739
Water Fund	1,424,966	-
Wastewater Fund	172,867	-
Stormwater Fund	101,906	-
	<u>\$ 1,699,739</u>	<u>\$ 1,699,739</u>

The City had no interfund receivables / payables at June 30, 2025.

N. Tax Abatements

The City enters into property tax abatement agreements with local businesses under the state Vertical Housing Program, authorized by ORS 307.841 through ORS 307.867, administered by Oregon Housing and Community Services, authorized by ORS 456.555 and Oregon Administrative Rule (OAR) 813-013. The purpose of the Program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80% over a 10-year term. The City has one project under this program. The exemption is 60% of the residential property taxes for 10 years. For the current year, the abatement is approximately \$63,378 for the City and \$3,026 for Urban Renewal.

Additionally, the State of Oregon under the Oregon Business Development Department offers an Enterprise Zone (EZ) Tax Abatement program, authorized by ORS 285C. Under this program, local governments are responsible for creating, managing and renewing enterprise zones. In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment for three to five years after the property is in service. Minimum eligibility requirements include an increase in full-time, permanent employment by 10%, maintaining minimum employment levels during the exemption period, and employee wages to exceed at least 150% of the State minimum wage. The City has one agreement under this program. For the current year, the abatement is approximately \$64,460 for the City and \$3,077 for Urban Renewal.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

NOTE 3: OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from the previous fiscal year. Settled claims have not exceeded coverage for any of the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

B. Contingencies

The City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position as they are all insured.

C. Commitments

Construction Commitments – The City has various active construction projects as of June 30, 2025. At year end, the City's commitments with contractors are as follows:

Project	Commitment	Expended through June 30, 2025
I&I Program Management	\$ 8,773,295	\$ 5,314,289
Molalla Avenue 24-Inch Water Transmission	8,296,809	4,859,719
Sanitary Sewer I&I Rivercrest Phase 4	3,988,000	2,745,534
Sanitary Sewer I&I Molalla Ave	3,953,341	3,834,402
Holcomb Boulevard Sidewalk	3,677,763	3,309,903
Henrici Water Pump Station - WIFIA	2,663,891	593,052
2025 Oregon City Roadway Reconstruction	2,307,075	815,566
Stormwater Detention Pond Landscaping Services	1,737,498	1,317,839
Main Street 10th - 15th Streetscape	1,135,839	11,394
Sanitary Pump Station Generator	310,105	87,528
F-550 Aerial Bucket Truck	196,621	-
2025 Slurry Seal	177,266	-
Building E-Permitting Consultation	118,000	90,737
2025 Ford F-550 Dump Truck	97,892	-

Sewage Treatment – Water Environment Services is a County district that treats wastewater in the region. On behalf of the district, the City processes permit applications, bills and collects user charges from district customers, and collects connection charges. The City operates and maintains local collection facilities.

Public Safety / 911 Communication Services – The City has an arrangement with Clackamas County Department of Communications, also known as C-COM, to provide 9-1-1 emergency and non-emergency call taking services to the public. Future payments are approximately \$592,000 each year, with annual increases subject to inflation (Consumer Price Index).

D. Subsequent Events

Management has evaluated subsequent events through December 11, 2025, the date on which the financial statements were available to be issued.

CITY OF OREGON CITY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2025

E. Joint Venture

The South Fork Water Board (the Board) was created in 1915 by an Intergovernmental Cooperative Agreement between the cities of Oregon City and West Linn for operation and maintenance of water distribution systems. Revenues earned by the Board are expended for the continued operation and maintenance of facilities within the municipal boundaries of these two cities. The Board is governed by a six-member board composed of three appointees from the City of Oregon City and three from the City of West Linn. Ownership of assets is adjusted based on reevaluation of population and water usage. The City's net investment and its share of the operating results of the Board are reported in the City's water fund. The City of Oregon City appoints 50% of the Board's Commission. The investment is reported using the equity method. Each City's share of assets, liabilities and net position is 50%. The following is a summary of financial information on the joint venture as of and for the year ended June 30, 2025

	South Fork Water Board	Oregon City Portion	West Linn Portion
Total assets	\$ 30,802,494	\$ 15,401,247	\$ 15,401,247
Total deferred outflows of resources	797,713	398,857	398,856
Total liabilities	2,648,089	1,324,045	1,324,044
Total deferred inflows of resources	286,664	143,332	143,332
Total net position	28,665,454	14,332,727	14,332,727
Operating revenues	4,843,529	2,421,765	2,421,764
Operating expenses	4,645,379	2,322,690	2,322,689
Other non-operating revenue (expense), net	748,693	374,347	374,346
Capital contributions	380,362	190,181	190,181
Change in net position	1,327,205	663,603	663,602

A copy of the financial statements of the South Fork Water Board may be obtained by writing to: South Fork Water Board, Oregon City City Hall, P.O. Box 3040, Oregon City, Oregon, 97045-0304.

F. Stewardship

At June 30, 2025, an internal service fund has a deficit net position: the Customer Service Fund has a positive budgetary fund balance but a deficit net position of \$878,333 due to the fund's portion of the net pension liability and OPEB liability.

G. Net Position Restricted Through Enabling Legislation

At June 30, 2025, the government-wide statement of net position reports \$60,896,445 of restricted net position of which \$42,750,278 is restricted through enabling legislation.

CITY OF OREGON CITY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2025

H. New Pronouncements

During the fiscal year ended June 30, 2025, the City implemented the following GASB pronouncements:

GASB Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It also provides guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of liabilities. This statement was implemented in the fiscal year ended June 30, 2025.

GASB Statement No. 102, Certain Risk Disclosures. This statement enhances financial reporting by providing users of financial statements with essential information that currently is not provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The City did not have any concentrations or constraints that could cause risk of substantial impact in the fiscal year ended June 30, 2025. Therefore, there are no effects on the City's financial statements upon implementation.

I. Changes within the Financial Reporting Entity

During the fiscal year ended June 30, 2025, the City adopted the provisions of GASB 101 which require a change in the accounting principle for compensated absences. The effects of the changes are shown below:

	June 30, 2024 As Previously Reported	Change in Accounting Principle	June 30, 2024 As Restated
Government-Wide			
Governmental Activities	\$ 211,531,689	\$ (1,694,138)	\$ 209,837,551
Business-Type Activities	141,387,447	(545,937)	140,841,510
Total Primary Government	\$ 352,919,136	\$ (2,240,075)	\$ 350,679,061
 Proprietary Funds			
Major Funds:			
Water	\$ 66,377,186	\$ (212,554)	\$ 66,164,632
Wastewater	44,246,853	(90,320)	44,156,533
Stormwater	20,819,671	(151,110)	20,668,561
Internal Service Funds	9,943,737	(91,953)	9,851,784
Total Proprietary Funds	\$ 141,387,447	\$ (545,937)	\$ 140,841,510

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

General Fund
Major Special Revenue Funds:
Engineering
System Development
Urban Renewal
Transportation

Schedule of Changes in OPEB Liability and Related Ratios – Implicit Rate Subsidy

Schedule of Contributions to OPEB – Implicit Rate Subsidy

Schedule of the Proportionate Share of OPEB – RHIA

Schedule of Contributions to OPEB – RHIA

Schedule of the Proportionate Share of the Net Pension Liability

Schedule of Contributions – Pension

Notes to Required Supplementary Information

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND YEAR ENDED JUNE 30, 2025

	Biennial Budget		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Property taxes	\$ 32,927,800	\$ 32,927,800	\$ 17,186,505	\$ 17,538,819	\$ 34,725,324	\$ 1,797,524
Franchise taxes	9,062,700	9,062,700	4,683,625	4,412,147	9,095,772	33,072
Assessments and other taxes	1,687,200	1,687,200	604,490	423,320	1,027,810	(659,390)
Licenses and permits	419,000	419,000	167,834	137,472	305,306	(113,694)
Charges for services	7,717,400	7,717,400	4,070,977	4,146,134	8,217,111	499,711
Intergovernmental	4,533,900	4,533,900	2,173,253	2,116,631	4,289,884	(244,016)
Fines and forfeitures	2,930,000	2,930,000	1,183,421	1,151,217	2,334,638	(595,362)
Interest income	405,000	405,000	826,164	727,325	1,553,489	1,148,489
Miscellaneous	711,600	721,600	563,578	545,458	1,109,036	387,436
TOTAL REVENUES	60,394,600	60,404,600	31,459,847	31,198,523	62,658,370	2,253,770
EXPENDITURES						
Policy and administration	15,586,000	15,495,000	6,943,045	7,651,083	14,594,128	900,872
Police	27,783,900	27,773,700	12,902,967	13,879,156	26,782,123	991,577
Culture and recreation	12,593,200	12,478,500	5,426,117	5,774,860	11,200,977	1,277,523
General government	4,778,100	5,539,900	2,798,340	2,635,372	5,433,712	106,188
Special payments	725,000	725,000	188,666	173,976	362,642	362,358
Debt service						
Principal	24,000	587,300	336,168	219,159	555,327	31,973
Interest	27,800	46,500	11,348	11,037	22,385	24,115
Contingency	6,352,371	6,181,071	-	-	-	6,181,071
TOTAL EXPENDITURES	67,870,371	68,826,971	28,606,651	30,344,643	58,951,294	9,875,677
REVENUES OVER (UNDER) EXPENDITURES	(7,475,771)	(8,422,371)	2,853,196	853,880	3,707,076	12,129,447
OTHER FINANCING SOURCES (USES)						
Proceeds from Subscription Obligations	-	367,600	355,983	-	355,983	(11,617)
Transfers out	(3,317,229)	(3,317,229)	(1,958,231)	(1,297,124)	(3,255,355)	61,874
TOTAL OTHER FINANCING SOURCES (USES)	(3,317,229)	(2,949,629)	(1,602,248)	(1,297,124)	(2,899,372)	50,257
NET CHANGE IN FUND BALANCE	(10,793,000)	(11,372,000)	1,250,948	(443,244)	807,704	12,179,704
FUND BALANCE, beginning of year	12,087,500	12,666,500	13,940,452	15,191,400	13,940,452	1,273,952
FUND BALANCE, end of year	\$ 1,294,500	\$ 1,294,500	\$ 15,191,400	\$ 14,748,156	\$ 14,748,156	\$ 13,453,656

CITY OF OREGON CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – ENGINEERING FUND
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Licenses and permits	\$ 110,000	\$ 110,000	\$ 118,102	\$ 142,538	\$ 260,640	\$ 150,640
Charges for services	1,794,700	1,794,700	743,834	896,500	1,640,334	(154,366)
Intergovernmental	-	-	21	-	21	21
Interest	15,000	15,000	64,597	63,604	128,201	113,201
Miscellaneous	-	-	2,195	-	2,195	2,195
TOTAL REVENUES	1,919,700	1,919,700	928,749	1,102,642	2,031,391	111,691
EXPENDITURES						
Public works	2,453,600	2,453,600	1,122,021	927,159	2,049,180	404,420
Contingency	138,500	138,500	-	-	-	138,500
TOTAL EXPENDITURES	2,592,100	2,592,100	1,122,021	927,159	2,049,180	542,920
REVENUES OVER (UNDER) EXPENDITURES	(672,400)	(672,400)	(193,272)	175,483	(17,789)	654,611
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	100,000	50,000	50,000	100,000	-
Transfers out	(102,000)	(102,000)	(51,000)	(51,000)	(102,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,000)	(2,000)	(1,000)	(1,000)	(2,000)	-
NET CHANGE IN FUND BALANCE	(674,400)	(674,400)	(194,272)	174,483	(19,789)	654,611
FUND BALANCE, beginning of year	674,400	674,400	869,504	675,232	869,504	195,104
FUND BALANCE, end of year	\$ -	\$ -	\$ 675,232	\$ 849,715	\$ 849,715	\$ 849,715

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SYSTEM DEVELOPMENT FUND YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
System development charges	\$ 10,360,000	\$ 10,360,000	\$ 763,294	\$ 1,605,933	\$ 2,369,227	\$ (7,990,773)
Intergovernmental	2,810,400	2,810,400	1,542,164	1,083,098	2,625,262	(185,138)
Interest	337,000	337,000	1,223,053	1,559,060	2,782,113	2,445,113
Miscellaneous	531,500	531,500	683,219	100,353	783,572	252,072
TOTAL REVENUES	14,038,900	14,038,900	4,211,730	4,348,444	8,560,174	(5,478,726)
EXPENDITURES						
Public Works	10,378,600	10,378,600	2,991,052	4,690,268	7,681,320	2,697,280
Culture and recreation	495,800	495,800	58,503	75,249	133,752	362,048
Contingency	31,221,800	31,221,800	-	-	-	31,221,800
TOTAL EXPENDITURES	42,096,200	42,096,200	3,049,555	4,765,517	7,815,072	34,281,128
NET CHANGE IN FUND BALANCE	(28,057,300)	(28,057,300)	1,162,175	(417,073)	745,102	28,802,402
FUND BALANCE, beginning of year	28,057,300	28,057,300	29,984,693	31,146,868	29,984,693	1,927,393
FUND BALANCE, end of year	\$ -	\$ -	\$ 31,146,868	\$ 30,729,795	\$ 30,729,795	\$ 30,729,795

CITY OF OREGON CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – URBAN RENEWAL FUND
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Property Taxes	\$ 888,000	\$ 888,000	\$ 38,783	\$ 844,716	\$ 883,499	\$ (4,501)
Assessments and other taxes	12,000	12,000	14,585	1,854	16,439	4,439
Charges for services	240,000	240,000	134,728	113,846	248,574	8,574
Interest	90,000	90,000	536,250	514,313	1,050,563	960,563
Miscellaneous	30,000	30,000	7,003	3,178	10,181	(19,819)
TOTAL REVENUES	1,260,000	1,260,000	731,349	1,477,907	2,209,256	949,256
EXPENDITURES						
Urban Renewal	10,426,800	10,426,800	401,181	390,635	791,816	9,634,984
Contingency	64,000	64,000	-	-	-	64,000
TOTAL EXPENDITURES	10,490,800	10,490,800	401,181	390,635	791,816	9,698,984
REVENUES OVER (UNDER) EXPENDITURES	(9,230,800)	(9,230,800)	330,168	1,087,272	1,417,440	10,648,240
FUND BALANCE, beginning of year	9,230,800	9,230,800	9,272,447	9,602,615	9,272,447	41,647
FUND BALANCE, end of year	\$ -	\$ -	\$ 9,602,615	\$ 10,689,887	\$ 10,689,887	\$ 10,689,887

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TRANSPORTATION FUND YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 6,547,800	\$ 6,547,800	\$ 3,383,225	\$ 3,363,724	\$ 6,746,949	\$ 199,149
Intergovernmental	7,660,900	7,660,900	3,675,350	3,786,389	7,461,739	(199,161)
Interest	49,000	49,000	191,920	185,462	377,382	328,382
Miscellaneous	-	-	13,898	53,058	66,956	66,956
TOTAL REVENUES	14,257,700	14,257,700	7,264,393	7,388,633	14,653,026	395,326
EXPENDITURES						
Public works	17,044,700	17,049,600	7,228,744	6,295,488	13,524,232	3,525,368
Debt service						
Principal	1,900	1,950	948	978	1,926	24
Interest	1,000	1,050	533	504	1,037	13
Contingency	868,900	863,900	-	-	-	863,900
TOTAL EXPENDITURES	17,916,500	17,916,500	7,230,225	6,296,970	13,527,195	4,389,305
REVENUES OVER (UNDER) EXPENDITURES	(3,658,800)	(3,658,800)	34,168	1,091,663	1,125,831	4,784,631
OTHER FINANCING SOURCES (USES)						
Transfers in	395,000	395,000	191,148	197,124	388,272	(6,728)
Transfers out	(1,049,000)	(1,049,000)	(533,000)	(516,000)	(1,049,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(654,000)	(654,000)	(341,852)	(318,876)	(660,728)	(6,728)
NET CHANGE IN FUND BALANCE	(4,312,800)	(4,312,800)	(307,684)	772,787	465,103	4,777,903
FUND BALANCE, beginning of year	4,312,800	4,312,800	5,070,129	4,762,445	5,070,129	757,329
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,762,445	\$ 5,535,232	\$ 5,535,232	\$ 5,535,232

CITY OF OREGON CITY, OREGON
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS – IMPLICIT RATE SUBSIDY
FOR THE LAST TEN FISCAL YEARS¹

Implicit Rate Subsidy for Retiree Health Insurance Continuation Premiums

	As of Measurement Date June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 651,737	\$ 642,007	\$ 778,276	\$ 753,887	\$ 580,976	\$ 509,046	\$ 495,179	\$ 550,475
Interest on total OPEB liability	432,135	398,601	308,881	297,506	427,415	427,424	406,225	345,133
Effect of changes to benefit terms	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	(1,635,076)	-	(2,663,840)	-	(2,171,090)	-	(465,787)	-
Effect of assumptions changes or inputs	1,010,547	(134,028)	(1,020,584)	85,552	2,597,382	546,837	(336,053)	(1,161,431)
Benefit payment	(373,438)	(301,078)	(313,124)	(332,895)	(380,897)	(394,502)	(437,294)	(446,894)
Net change in total OPEB liability	85,905	605,502	(2,910,391)	804,050	1,053,786	1,088,805	(337,730)	(712,717)
Total OPEB liability - beginning	11,372,626	10,767,124	13,677,515	12,873,465	11,819,679	10,730,874	11,068,604	11,781,321
Total OPEB liability - ending	\$11,458,531	\$11,372,626	\$10,767,124	\$13,677,515	\$12,873,465	\$11,819,679	\$10,730,874	\$11,068,604
Covered-employee payroll	\$17,271,160	\$16,283,755	\$15,740,440	\$15,356,765	\$14,893,881	\$13,814,411	\$13,435,454	\$12,916,238
Total OPEB liability as a percentage of covered-employee payroll	66.34%	69.84%	68.40%	89.07%	86.43%	85.56%	79.87%	85.70%

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.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

CITY OF OREGON CITY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB – RHIA FOR THE LAST TEN FISCAL YEARS¹

PERS Retirement Health Insurance Account (RHIA)

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	Plan fiduciary net position as a percentage of the total OPEB liability
2024	0.11475272%	\$ (463,496)	\$ 17,271,160	-2.68%	220.6%
2023	0.15008210%	(549,550)	16,283,755	-3.37%	201.6%
2022	0.14143504%	(502,568)	15,740,440	-3.19%	194.6%
2021	0.13721100%	(471,184)	15,356,765	-3.07%	183.9%
2020	0.12889383%	(262,634)	14,893,881	-1.76%	150.1%
2019	0.12428557%	(240,165)	13,814,411	-1.74%	144.4%
2018	0.12357764%	(137,947)	13,435,454	-1.03%	124.0%
2017	0.11810032%	(49,288)	12,916,238	-0.38%	108.9%

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.

CITY OF OREGON CITY, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB – RHIA
FOR THE LAST TEN FISCAL YEARS¹

PERS Retirement Health Insurance Account (RHIA)

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
2025	\$ 2	\$ 2	\$ -	\$ 18,176,955	0.00%
2024	224	224	-	17,271,160	0.00%
2023	2,749	2,749	-	16,283,755	0.02%
2022	3,132	3,132	-	15,740,440	0.02%
2021	3,310	3,310	-	15,356,765	0.02%
2020	8,449	8,449	-	14,893,881	0.06%
2019	58,059	58,059	-	13,814,411	0.42%
2018	57,087	57,087	-	13,435,454	0.42%
2017	55,599	55,599	-	12,916,238	0.43%

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 OREGON CITY, OREGON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS

Public Employees Retirement System (PERS)

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	Plan fiduciary net position as a percentage of the total pension liability
2024	0.12724920%	\$ 28,283,989	\$ 17,271,160	163.76%	79.30%
2023	0.14759269%	27,645,124	16,283,755	169.77%	81.70%
2022	0.14375499%	22,011,774	15,740,440	139.84%	84.50%
2021	0.14064293%	16,830,008	15,356,765	109.59%	87.60%
2020	0.13575558%	29,626,537	14,893,881	198.92%	75.80%
2019	0.14107397%	24,402,418	13,814,411	176.64%	80.20%
2018	0.12784356%	19,366,617	13,435,454	144.15%	82.10%
2017	0.12661947%	17,068,354	12,916,238	132.15%	83.10%
2016	0.12480580%	18,736,249	11,561,433	162.06%	80.53%
2015	0.12813896%	7,357,049	11,671,425	63.03%	91.90%

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

CITY OF OREGON CITY, OREGON
SCHEDULE OF CONTRIBUTIONS – PENSION
FOR THE LAST TEN FISCAL YEARS

Public Employees Retirement System (PERS)

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 3,467,719	\$ 3,467,719	\$ -	\$ 18,176,955	19.08%
2024	3,358,700	3,358,700	-	17,271,160	19.45%
2023	3,101,136	3,101,136	-	16,283,755	19.04%
2022	2,958,394	2,958,394	-	15,740,440	18.79%
2021	2,611,885	2,611,885	-	15,356,765	17.01%
2020	2,458,197	2,458,197	-	14,893,881	16.50%
2019	1,806,645	1,806,645	-	13,814,411	13.08%
2018	1,707,646	1,707,646	-	13,435,454	12.71%
2017	1,162,608	1,162,608	-	12,916,238	9.00%
2016	1,122,770	1,122,770	-	11,561,433	9.71%

CITY OF OREGON CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget and Budgetary Accounting

According to City Charter and Oregon Law (ORS 294), the City of Oregon City must prepare and adopt a balanced budget. Local Budget law allows governments to budget either on a one-year or a two-year cycle, as approved by the governing body. The Oregon City budget is prepared for a biennial (two-year) period.

A budget is prepared for each fund in accordance with the modified accrual basis of accounting for all funds. Appropriations are made at the department level for all funds; expenditures which don't pertain to a specific department, such as debt or contingency, are appropriated for separately within each fund. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each budget period.

Budget amounts include original approved amounts and all subsequent budget amendments approved by the City Commission. Oregon Budget Law allows for amendments to the City budget for reasons unforeseen at the time of adoption. After budget approval, the Commission may adopt resolution changes that decrease one existing appropriation and increase another. Unexpected additional resources may be added to the budget through the use of appropriation resolutions or supplemental budget procedures in some cases. Supplemental budgets may require the use of public hearings. Management may not amend the budget. The City had two budget adjustments during the year.

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For the 2023-2025 biennium, there were no expenditures exceeding budgeted appropriations.

NOTE 2: OPEB

A. Actuarial assumptions – CIS

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions:

Actuarial valuation:	July 1, 2024	July 1, 2022	July 1, 2020	July 1, 2018	July 1, 2016		
Effective:	June 30, 2024 and 2025	June 30, 2022 and 2023	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:	9.6 years	9.9 years	6.5 years	6.7 years	6.2 years		
Remaining amortization periods:	10 years			20 years			
Actuarial assumptions:							
Inflation rate	2.40%		2.50%				
Projected salary increases	3.40%		3.50%				

CITY OF OREGON CITY, OREGON
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2025

B. Changes of assumptions – RHIA

The PERS Board adopted assumption changes that were used to measure the June 30, 2024 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.

C. Actuarial assumptions – RHIA

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions:

Actuarial valuation:	December 31, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Effective:	July 2023 - June 2025	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017
Actuarial cost method:	Entry Age Normal				
Amortization method:	Level percentage of payroll, closed				
Amortization period:	10 years				
Asset valuation method:	Market value				
Remaining amortization periods:	10 years		20 years		
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

NOTE 3: PENSIONS

A. Changes of assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.5 percent and lowering of the assumed inflation to 2.50 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. 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.

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.

CITY OF OREGON CITY, OREGON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2025

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and GASB 68, the benefits valued in the total pension liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 total pension liability. While Senate Bill 111 also made changes to certain aspect of PERS funding and administration, the change in the death benefit provision is the only change that affects the measured total pension liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the total pension liability as of those two respective measurement dates.

B. Actuarial Assumptions

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions:

	December 31, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Actuarial valuation	July 2023 - June 2025	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017
Effective					
Actuarial cost method			Entry Age Normal		
Amortization method			Level percentage of payroll		
Asset valuation method			Market Value		
Remaining amortization			20 years		
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

OTHER SUPPLEMENTARY INFORMATION

*Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual –
Major Capital Projects Fund*

CITY OF OREGON CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – COMMUNITY FACILITIES FUND
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 2,686,700	\$ 2,686,700	\$ 1,240,663	\$ 1,262,291	\$ 2,502,954	\$ (183,746)
Fines and forfeitures	-	-	22,626	15,581	38,207	38,207
Interest	33,000	33,000	195,206	292,638	487,844	454,844
Miscellaneous	2,000,000	2,000,000	3,267	-	3,267	(1,996,733)
TOTAL REVENUES	4,719,700	4,719,700	1,461,762	1,570,510	3,032,272	(1,687,428)
EXPENDITURES						
Library	580,100	580,100	53,866	245,997	299,863	280,237
Contingency	8,502,800	8,502,800	-	-	-	8,502,800
TOTAL EXPENDITURES	9,082,900	9,082,900	53,866	245,997	299,863	8,783,037
REVENUES OVER (UNDER) EXPENDITURES	(4,363,200)	(4,363,200)	1,407,896	1,324,513	2,732,409	7,095,609
OTHER FINANCING SOURCES (USES)						
Transfers in	2,590,000	2,590,000	1,295,000	1,295,000	2,590,000	-
Transfers out	(2,210,600)	(2,210,600)	(1,104,500)	(1,106,100)	(2,210,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	379,400	379,400	190,500	188,900	379,400	-
NET CHANGE IN FUND BALANCE	(3,983,800)	(3,983,800)	1,598,396	1,513,413	3,111,809	7,095,609
FUND BALANCE, beginning of year	3,983,800	3,983,800	3,876,784	5,475,180	3,876,784	(107,016)
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,475,180	\$ 6,988,593	\$ 6,988,593	\$ 6,988,593

*Combining and Individual Fund Financial
Statements and Schedules –
Nonmajor Governmental Funds*

CITY OF OREGON CITY, OREGON
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue				Debt Service	
	Library	Planning	Building	Park Donations	Debt Service	Total
ASSETS						
Cash and investments	\$ 5,108,419	\$ 717,580	\$ 6,551,182	\$ 812,559	\$ 664,496	\$ 13,854,236
Receivables:						
Accounts (net)	120,243	14,448	900	-	-	135,591
Interest	25,440	3,573	32,625	4,047	3,309	68,994
Prepays and deposits	1,365	-	870	27,262	-	29,497
TOTAL ASSETS	\$ 5,255,467	\$ 735,601	\$ 6,585,577	\$ 843,868	\$ 667,805	\$ 14,088,318
LIABILITIES						
Accounts payable	\$ 58,250	\$ 97,612	\$ 56,627	\$ 21,804	\$ -	\$ 234,293
Accrued payroll	82,210	26,076	58,422	-	-	166,708
Deposits payable	-	6,905	-	-	-	6,905
TOTAL LIABILITIES	140,460	130,593	115,049	21,804	-	407,906
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	8,270	1,161	10,605	1,315	1,075	22,426
TOTAL DEFERRED INFLOWS OF RESOURCES	8,270	1,161	10,605	1,315	1,075	22,426
FUND BALANCES						
Non-spendable	1,365	-	870	27,262	-	29,497
Restricted for:						
Library operations	5,105,372	-	-	-	-	5,105,372
Building operations	-	-	6,459,053	-	-	6,459,053
Parks and recreation	-	-	-	793,487	-	793,487
Committed to:						
Debt service	-	-	-	-	666,730	666,730
Planning operations	-	603,847	-	-	-	603,847
TOTAL FUND BALANCES	5,106,737	603,847	6,459,923	820,749	666,730	13,657,986
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,255,467	\$ 735,601	\$ 6,585,577	\$ 843,868	\$ 667,805	\$ 14,088,318

CITY OF OREGON CITY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2025

	Special Revenue				Debt Service	
	Library	Planning	Building	Park Donations	Debt Service	Total
REVENUES						
Licenses and permits	\$ -	\$ 18,951	\$ 1,086,158	\$ -	\$ -	\$ 1,105,109
Charges for services	9,882	883,676	113,780	-	-	1,007,338
Intergovernmental	3,072,343	14,449	-	-	-	3,086,792
Interest income	219,765	26,336	300,671	35,783	51,102	633,657
Miscellaneous	22,236	-	-	138,552	1,606,700	1,767,488
TOTAL REVENUES	3,324,226	943,412	1,500,609	174,335	1,657,802	7,600,384
EXPENDITURES						
Culture and recreation	2,805,798	-	-	43,424	-	2,849,222
Community development	-	1,305,124	2,420,654	-	-	3,725,778
Debt service						
Principal	306,685	-	-	-	2,145,000	2,451,685
Interest	108,686	-	-	-	798,842	907,528
Capital Outlay	-	-	-	76,538	-	76,538
TOTAL EXPENDITURES	3,221,169	1,305,124	2,420,654	119,962	2,943,842	10,010,751
REVENUES OVER (UNDER) EXPENDITURES	103,057	(361,712)	(920,045)	54,373	(1,286,040)	(2,410,367)
OTHER FINANCING SOURCES (USES)						
Transfers in	290,000	346,000	-	-	1,106,100	1,742,100
Transfers out	-	(1,000)	(20,000)	-	-	(21,000)
TOTAL OTHER FINANCING SOURCES (USES)	290,000	345,000	(20,000)	-	1,106,100	1,721,100
NET CHANGE IN FUND BALANCE	393,057	(16,712)	(940,045)	54,373	(179,940)	(689,267)
FUND BALANCE, beginning of year	4,713,680	620,559	7,399,968	766,376	846,670	14,347,253
FUND BALANCE, end of year	\$ 5,106,737	\$ 603,847	\$ 6,459,923	\$ 820,749	\$ 666,730	\$ 13,657,986

*Schedules of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Nonmajor
Governmental Funds*

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – LIBRARY FUND YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 7,900	\$ 7,900	\$ 5,300	\$ 9,882	\$ 15,182	\$ 7,282
Intergovernmental	5,564,600	5,564,600	2,869,203	3,072,343	5,941,546	376,946
Interest	62,000	62,000	207,977	219,765	427,742	365,742
Miscellaneous	11,000	11,000	22,999	22,236	45,235	34,235
TOTAL REVENUES	5,645,500	5,645,500	3,105,479	3,324,226	6,429,705	784,205
EXPENDITURES						
Library	5,949,600	5,949,600	2,617,145	2,805,798	5,422,943	526,657
Debt service						
Principal	604,200	604,200	297,521	306,685	604,206	(6)
Interest	226,600	226,600	117,850	108,686	226,536	64
Contingency	3,688,900	3,688,900	-	-	-	3,688,900
TOTAL EXPENDITURES	10,469,300	10,469,300	3,032,516	3,221,169	6,253,685	4,215,615
REVENUES OVER (UNDER) EXPENDITURES	(4,823,800)	(4,823,800)	72,963	103,057	176,020	4,999,820
OTHER FINANCING SOURCES (USES)						
Transfers in	580,000	580,000	290,000	290,000	580,000	-
TOTAL OTHER FINANCING SOURCES (USES)	580,000	580,000	290,000	290,000	580,000	-
NET CHANGE IN FUND BALANCE	(4,243,800)	(4,243,800)	362,963	393,057	756,020	4,999,820
FUND BALANCE, beginning of year	4,243,800	4,243,800	4,350,717	4,713,680	4,350,717	106,917
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,713,680	\$ 5,106,737	\$ 5,106,737	\$ 5,106,737

CITY OF OREGON CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PLANNING FUND
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Licenses and permits	\$ 33,900	\$ 33,900	\$ 16,439	\$ 18,951	\$ 35,390	\$ 1,490
Charges for services	2,591,100	2,591,100	745,102	883,676	1,628,778	(962,322)
Intergovernmental	33,700	33,700	9,000	14,449	23,449	(10,251)
Interest	15,000	15,000	38,661	26,336	64,997	49,997
Miscellaneous	-	-	1,457	-	1,457	1,457
TOTAL REVENUES	2,673,700	2,673,700	810,659	943,412	1,754,071	(919,629)
EXPENDITURES						
Community development	2,694,900	2,694,900	1,134,197	1,187,821	2,322,018	372,882
Special payments	1,200,000	1,200,000	193,140	117,303	310,443	889,557
Contingency	33,100	33,100	-	-	-	33,100
TOTAL EXPENDITURES	3,928,000	3,928,000	1,327,337	1,305,124	2,632,461	1,295,539
REVENUES OVER (UNDER) EXPENDITURES	(1,254,300)	(1,254,300)	(516,678)	(361,712)	(878,390)	375,910
OTHER FINANCING SOURCES (USES)						
Transfers in	672,000	672,000	326,000	346,000	672,000	-
Transfers out	(35,000)	(35,000)	(34,000)	(1,000)	(35,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	637,000	637,000	292,000	345,000	637,000	-
NET CHANGE IN FUND BALANCE	(617,300)	(617,300)	(224,678)	(16,712)	(241,390)	375,910
FUND BALANCE, beginning of year	695,100	695,100	845,237	620,559	845,237	150,137
FUND BALANCE, end of year	\$ 77,800	\$ 77,800	\$ 620,559	\$ 603,847	\$ 603,847	\$ 526,047

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUILDING FUND YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Licenses and permits	\$ 3,385,000	\$ 3,385,000	\$ 2,329,713	\$ 1,086,158	\$ 3,415,871	\$ 30,871
Charges for services	621,200	621,200	218,839	113,780	332,619	(288,581)
Intergovernmental	-	-	177	-	177	177
Interest	98,000	98,000	290,442	300,671	591,113	493,113
Miscellaneous	600	600	9,634	-	9,634	9,034
TOTAL REVENUES	4,104,800	4,104,800	2,848,805	1,500,609	4,349,414	244,614
EXPENDITURES						
Community development	4,417,200	4,417,200	2,054,258	2,308,491	4,362,749	54,451
Special payments	609,600	609,600	215,930	112,163	328,093	281,507
Contingency	5,545,200	5,545,200	-	-	-	5,545,200
TOTAL EXPENDITURES	10,572,000	10,572,000	2,270,188	2,420,654	4,690,842	5,881,158
REVENUES OVER (UNDER) EXPENDITURES	(6,467,200)	(6,467,200)	578,617	(920,045)	(341,428)	6,125,772
OTHER FINANCING SOURCES (USES)						
Transfers out	(40,000)	(40,000)	(20,000)	(20,000)	(40,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	(40,000)	(20,000)	(20,000)	(40,000)	-
NET CHANGE IN FUND BALANCE	(6,507,200)	(6,507,200)	558,617	(940,045)	(381,428)	6,125,772
FUND BALANCE, beginning of year	6,507,200	6,507,200	6,841,351	7,399,968	6,841,351	334,151
FUND BALANCE, end of year	\$ -	\$ -	\$ 7,399,968	\$ 6,459,923	\$ 6,459,923	\$ 6,459,923

CITY OF OREGON CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PARK DONATIONS FUND
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Interest	\$ -	\$ 34,000	\$ 29,905	\$ 35,783	\$ 65,688	\$ 31,688
Miscellaneous	176,400	226,400	101,237	138,552	239,789	13,389
TOTAL REVENUES	176,400	260,400	131,142	174,335	305,477	45,077
EXPENDITURES						
Culture and recreation	190,800	288,800	90,849	119,962	210,811	77,989
TOTAL EXPENDITURES	190,800	288,800	90,849	119,962	210,811	77,989
REVENUES OVER (UNDER) EXPENDITURES	(14,400)	(28,400)	40,293	54,373	94,666	123,066
OTHER FINANCING SOURCES (USES)						
Transfers in	727,229	727,229	726,083	-	726,083	(1,146)
TOTAL OTHER FINANCING SOURCES (USES)	727,229	727,229	726,083	-	726,083	(1,146)
NET CHANGE IN FUND BALANCE	712,829	698,829	766,376	54,373	820,749	121,920
FUND BALANCE, beginning of year	-	-	-	766,376	-	-
FUND BALANCE, end of year	\$ 712,829	\$ 698,829	\$ 766,376	\$ 820,749	\$ 820,749	\$ 121,920

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Interest	\$ 58,000	\$ 58,100	\$ 51,747	\$ 51,102	\$ 102,849	\$ 44,749
Miscellaneous	3,143,400	3,143,400	1,538,460	1,606,700	3,145,160	1,760
TOTAL REVENUES	3,201,400	3,201,500	1,590,207	1,657,802	3,248,009	46,509
EXPENDITURES						
Debt service						
Principal	4,125,000	4,125,000	1,980,000	2,145,000	4,125,000	-
Interest	1,690,800	1,690,900	892,047	798,842	1,690,889	11
TOTAL EXPENDITURES	5,815,800	5,815,900	2,872,047	2,943,842	5,815,889	11
REVENUES OVER (UNDER) EXPENDITURES	(2,614,400)	(2,614,400)	(1,281,840)	(1,286,040)	(2,567,880)	46,520
OTHER FINANCING SOURCES (USES)						
Transfers in	2,210,600	2,210,600	1,104,500	1,106,100	2,210,600	-
NET CHANGE IN FUND BALANCE	(403,800)	(403,800)	(177,340)	(179,940)	(357,280)	46,520
FUND BALANCE, beginning of year	1,016,500	1,016,500	1,024,010	846,670	1,024,010	7,510
FUND BALANCE, end of year	\$ 612,700	\$ 612,700	\$ 846,670	\$ 666,730	\$ 666,730	\$ 54,030

*Schedules of Revenues, Expenditures and Changes in Fund
Balance – Budget (Non-GAAP Basis) and Actual –
Proprietary Funds – Enterprise Funds*

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – WATER FUND YEAR ENDED JUNE 30, 2025

	Biennial Budget		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 17,570,400	\$ 17,570,400	\$ 8,986,163	\$ 9,308,535	\$ 18,294,698	\$ 724,298
System development charges	1,300,000	1,300,000	39,794	143,554	183,348	(1,116,652)
Intergovernmental	-	-	1,041	-	1,041	1,041
Interest	93,000	93,000	276,783	276,766	553,549	460,549
Miscellaneous	-	-	27,899	50,823	78,722	78,722
 Total Revenues	 18,963,400	 18,963,400	 9,331,680	 9,779,678	 19,111,358	 147,958
EXPENDITURES						
Public Works	22,787,800	22,837,700	9,833,323	11,215,749	21,049,072	1,788,628
Special payments	1,300,000	1,300,000	39,794	143,554	183,348	1,116,652
Debt service						
Principal	1,900	1,950	948	978	1,926	24
Interest	1,000	1,050	533	504	1,037	13
Contingency	1,693,300	1,643,300	-	-	-	1,643,300
 Total Expenditures	 25,784,000	 25,784,000	 9,874,598	 11,360,785	 21,235,383	 4,548,617
REVENUES OVER (UNDER) EXPENDITURES	(6,820,600)	(6,820,600)	(542,918)	(1,581,107)	(2,124,025)	4,696,575
OTHER FINANCING SOURCES (USES)						
Proceeds from Loans	-	-	-	1,566,513	1,566,513	1,566,513
Transfers out	(1,317,000)	(1,317,000)	(644,000)	(673,000)	(1,317,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,317,000)	(1,317,000)	(644,000)	893,513	249,513	1,566,513
NET CHANGE IN FUND BALANCE	(8,137,600)	(8,137,600)	(1,186,918)	(687,594)	(1,874,512)	6,263,088
FUND BALANCE, beginning of year	8,137,600	8,137,600	7,588,731	6,401,813	7,588,731	(548,869)
FUND BALANCE, end of year	\$ -	\$ -	\$ 6,401,813	\$ 5,714,219	\$ 5,714,219	\$ 5,714,219

RECONCILIATION TO NET POSITION - GAAP BASIS

Adjustment for compensated absences accrual	(336,132)
Adjustment for capital assets, net of depreciation	46,958,319
Adjustment for capital assets not depreciated	7,197,320
Adjustment for interest in joint venture	14,332,727
Adjustment for loans payable	(1,566,513)
Adjustment for net pension liability	(1,767,216)
Adjustment for net OPEB liability/asset	(686,982)
Adjustment for lease liability	(16,264)
Adjustment for accrued interest payable	(469)
Adjustment for deferred resources relating to pensions	415,709
Adjustment for deferred resources relating to OPEB	(160,221)
 NET POSITION - GAAP BASIS	 \$ 70,084,497

CITY OF OREGON CITY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BASIS) AND ACTUAL – WASTEWATER FUND
YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Franchise taxes	\$ 681,800	\$ 681,800	\$ 354,977	\$ 376,357	\$ 731,334	\$ 49,534
Charges for services	26,732,100	26,732,100	13,388,938	14,105,094	27,494,032	761,932
System development charges	3,600,000	3,600,000	242,864	601,988	844,852	(2,755,148)
Intergovernmental	7,140,500	7,140,500	1,855,121	2,862,748	4,717,869	(2,422,631)
Interest	226,000	226,000	541,626	530,416	1,072,042	846,042
Miscellaneous	-	-	18,718	8,726	27,444	27,444
Total Revenues	38,380,400	38,380,400	16,402,244	18,485,329	34,887,573	(3,492,827)
EXPENDITURES						
Public works	31,416,300	31,416,200	10,087,656	12,852,492	22,940,148	8,476,052
Special payments	14,964,000	14,964,000	6,158,333	6,874,600	13,032,933	1,931,067
Debt service						
Principal	1,900	1,950	948	978	1,926	24
Interest	1,000	1,050	533	504	1,037	13
Contingency	1,953,300	1,953,300	-	-	-	1,953,300
Total Expenditures	48,336,500	48,336,500	16,247,470	19,728,574	35,976,044	12,360,456
REVENUES OVER (UNDER) EXPENDITURES	(9,956,100)	(9,956,100)	154,774	(1,243,245)	(1,088,471)	8,867,629
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,173,000)	(1,173,000)	(575,000)	(598,000)	(1,173,000)	-
Total Other Financing Sources and Uses	(1,173,000)	(1,173,000)	(575,000)	(598,000)	(1,173,000)	-
NET CHANGE IN FUND BALANCE	(11,129,100)	(11,129,100)	(420,226)	(1,841,245)	(2,261,471)	8,867,629
FUND BALANCE, beginning of year	11,129,100	11,129,100	14,278,183	13,857,957	14,278,183	3,149,083
FUND BALANCE, end of year	\$ -	\$ -	\$ 13,857,957	\$ 12,016,712	12,016,712	\$ 12,016,712

RECONCILIATION TO NET POSITION - GAAP BASIS

Adjustment for compensated absences accrual	(162,092)
Adjustment for capital assets, net of depreciation	28,338,220
Adjustment for capital assets not depreciated	9,318,001
Adjustment for unavailable revenue	51,275
Adjustment for net pension liability	(1,124,550)
Adjustment for net OPEB liability/asset	(437,155)
Adjustment for lease liability	(16,264)
Adjustment for accrued interest payable	(39)
Adjustment for deferred resources relating to pensions	264,532
Adjustment for deferred resources relating to OPEB	(101,955)
NET POSITION - GAAP BASIS	\$ 48,146,685

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – STORMWATER FUND YEAR ENDED JUNE 30, 2025

	Biennial Budget		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 8,325,900	\$ 8,325,900	\$ 3,974,071	\$ 4,353,391	\$ 8,327,462	\$ 1,562
Intergovernmental	-	-	943	-	943	943
Interest	47,000	47,000	130,344	153,297	283,641	236,641
Miscellaneous	-	-	40,843	880	41,723	41,723
Total Revenues	8,372,900	8,372,900	4,146,201	4,507,568	8,653,769	280,869
EXPENDITURES						
Public works	9,549,400	9,549,300	3,412,714	3,852,632	7,265,346	2,283,954
Debt service						
Principal	1,900	1,950	948	978	1,926	24
Interest	1,000	1,050	533	504	1,037	13
Contingency	849,000	849,000	-	-	-	849,000
Total Expenditures	10,401,300	10,401,300	3,414,195	3,854,114	7,268,309	3,132,991
REVENUES OVER (UNDER) EXPENDITURES	(2,028,400)	(2,028,400)	732,006	653,454	1,385,460	3,413,860
OTHER FINANCING SOURCES (USES)						
Transfers out	(927,000)	(927,000)	(452,000)	(475,000)	(927,000)	-
Total Other Financing Sources and Uses	(927,000)	(927,000)	(452,000)	(475,000)	(927,000)	-
NET CHANGE IN FUND BALANCE	(2,955,400)	(2,955,400)	280,006	178,454	458,460	3,413,860
FUND BALANCE, beginning of year	2,955,400	2,955,400	3,329,649	3,609,655	3,329,649	374,249
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,609,655	\$ 3,788,109	3,788,109	\$ 3,788,109
RECONCILIATION TO NET POSITION - GAAP BASIS						
Adjustment for compensated absences accrual					(210,503)	
Adjustment for capital assets, net of depreciation					18,489,605	
Adjustment for capital assets not depreciated					1,540,437	
Adjustment for net pension liability					(1,372,846)	
Adjustment for net OPEB liability/asset					(533,676)	
Adjustment for lease liability					(16,264)	
Adjustment for accrued interest payable					(39)	
Adjustment for deferred resources relating to pensions					322,939	
Adjustment for deferred resources relating to OPEB					(124,467)	
NET POSITION - GAAP BASIS					\$ 21,883,295	

*Combining and Individual Fund Financial Statements –
Internal Service Funds*

CITY OF OREGON CITY, OREGON

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

JUNE 30, 2025

	Fleet Service	Customer Service	Equipment Replacement	Total
ASSETS				
Current Assets				
Cash and investments	\$ 20,425	\$ 253,698	\$ 9,286,105	\$ 9,560,228
Accounts receivable	-	4,291	3,895	8,186
Interest receivable	102	1,262	46,246	47,610
Inventories	44,426	-	-	44,426
Prepays and deposits	-	-	8,544	8,544
Total Current Assets	64,953	259,251	9,344,790	9,668,994
Noncurrent Assets				
Capital assets, net of depreciation	2,958	-	2,822,623	2,825,581
Lease assets, net of amortization	-	-	264,264	264,264
Subscription assets, net of amortization	-	-	39,414	39,414
OPEB asset	-	12,492	-	12,492
Total Noncurrent Assets	2,958	12,492	3,126,301	3,141,751
Total Assets	67,911	271,743	12,471,091	12,810,745
DEFERRED OUTFLOWS OF RESOURCES				
Deferred resources related to pensions	-	286,108	-	286,108
Deferred resources related to OPEB	-	56,456	-	56,456
Total Deferred Outflows of Resources	-	342,564	-	342,564
LIABILITIES				
Current Liabilities				
Accounts payable	34,976	18,699	55,682	109,357
Accrued payroll liabilities	-	34,548	-	34,548
Accrued interest payable	-	-	3,859	3,859
Current portion of long-term liabilities:				
Lease payable	-	-	86,835	86,835
Subscription payable	-	-	31,834	31,834
Accrued compensated absences	-	27,178	-	27,178
OPEB liability	-	9,265	-	9,265
Total Current Liabilities	34,976	89,690	178,210	302,876
Noncurrent Liabilities				
Lease payable	-	-	132,545	132,545
Subscription payable	-	-	5,390	5,390
Accrued compensated absences	-	108,710	-	108,710
Net pension liability	-	762,316	-	762,316
OPEB liability	-	299,568	-	299,568
Total Noncurrent Liabilities	-	1,170,594	137,935	1,308,529
Total Liabilities	34,976	1,260,284	316,145	1,611,405
DEFERRED INFLOWS OF RESOURCES				
Deferred resources related to pensions	-	106,786	-	106,786
Deferred resources related to OPEB	-	125,570	-	125,570
Total Deferred Inflows of Resources	-	232,356	-	232,356
NET POSITION:				
Net investment in capital assets	2,958	-	2,814,015	2,816,973
Restricted for:				
OPEB benefits	-	12,492	-	12,492
Unrestricted	29,977	(890,825)	9,340,931	8,480,083
Total Net Position	\$ 32,935	\$ (878,333)	\$ 12,154,946	\$ 11,309,548

CITY OF OREGON CITY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2025

	Fleet Service	Customer Service	Equipment Replacement	Total
OPERATING REVENUES				
Charges for services	\$ 497,705	\$ 1,708,836	\$ -	\$ 2,206,541
Miscellaneous	460	-	-	460
 Total Operating Revenues	 498,165	 1,708,836	 -	 2,207,001
 OPERATING EXPENSES				
Personnel services	-	870,071	-	870,071
Materials and services	491,155	773,736	15,059	1,279,950
Depreciation and Amortization	986	-	454,061	455,047
 Total Operating Expenses	 492,141	 1,643,807	 469,120	 2,605,068
 OPERATING INCOME (LOSS)	 6,024	 65,029	 (469,120)	 (398,067)
 NONOPERATING REVENUES (EXPENSES)				
Investment revenue	(165)	10,434	399,763	410,032
Interest Expense	-	-	(7,201)	(7,201)
 Total Nonoperating Revenues(Expenses)	 (165)	 10,434	 392,562	 402,831
 NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS				
	5,859	75,463	(76,558)	4,764
Transfers in	-	-	1,456,000	1,456,000
Transfers out	-	(3,000)	-	(3,000)
 CHANGE IN NET POSITION	 5,859	 72,463	 1,379,442	 1,457,764
Beginning net position (as previously reported)	27,076	(858,843)	10,775,504	9,943,737
Cumulative effect of change in accounting principle for GASB 101	-	(91,953)	-	(91,953)
Beginning net position, as restated	27,076	(950,796)	10,775,504	9,851,784
 Ending net position	 \$ 32,935	 \$ (878,333)	 \$ 12,154,946	 \$ 11,309,548

CITY OF OREGON CITY, OREGON

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2025

	Fleet Service	Customer Service	Equipment Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Collections from other funds	\$ 497,705	\$ 1,707,937	\$ -	\$ 2,205,642
Other receipts	460	-	51,521	51,981
Paid to suppliers	(504,504)	(769,656)	(111,122)	(1,385,282)
Paid to employees	-	(875,034)	-	(875,034)
Net cash provided by (used in) operating activities	(6,339)	63,247	(59,601)	(2,693)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets, net of related accounts payable	-	-	(829,391)	(829,391)
Transfers in	-	-	1,456,000	1,456,000
Transfers out	-	(3,000)	-	(3,000)
Proceeds from disposal of capital assets	-	-	63,903	63,903
Principal paid on leases and subscriptions	-	-	(115,611)	(115,611)
Interest paid on leases and subscriptions	-	-	(9,032)	(9,032)
Net cash used in capital and related Financing activities	-	(3,000)	565,869	562,869
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and cash equivalents	(267)	9,172	353,517	362,422
Increase in cash and cash equivalents	(6,606)	69,419	859,785	922,598
CASH AND INVESTMENTS, Beginning of year	27,031	184,279	8,426,320	8,637,630
CASH AND INVESTMENTS, End of year	\$ 20,425	\$ 253,698	\$ 9,286,105	\$ 9,560,228
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 6,024	\$ 65,029	\$ (469,120)	\$ (398,067)
Depreciation expense	986	-	454,061	455,047
Change in assets and liabilities				
Accounts receivable	-	(899)	51,521	50,622
Inventory	(3,560)	-	-	(3,560)
Accounts payable and accrued liabilities, net of capital accounts payable	(9,789)	15,325	(96,063)	(90,527)
Net pension liability	-	(6,558)	-	(6,558)
Net OPEB asset/liability	-	(4,674)	-	(4,674)
Deferred outflows	-	(59,025)	-	(59,025)
Deferred inflows	-	54,049	-	54,049
Net cash provided by (used in) operating activities	\$ (6,339)	\$ 63,247	\$ (59,601)	\$ (2,693)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets financed with accounts payable	\$ -	\$ -	\$ 55,682	\$ 55,682
	\$ -	\$ -	\$ 55,682	\$ 55,682

*Schedules of Revenues, Expenditures and Changes in Fund
Balance – Budget (Non-GAAP Basis) and Actual –
Proprietary Funds – Internal Service Funds*

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – FLEET SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Biennial Budget		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 624,800	\$ 1,124,800	\$ 517,905	\$ 497,705	\$ 1,015,610	\$ (109,190)
Interest	-	-	486	(165)	321	321
Miscellaneous	-	-	669	460	1,129	1,129
Total Revenues	624,800	1,124,800	519,060	498,000	1,017,060	(107,740)
EXPENDITURES						
Public works	596,800	1,126,800	498,241	491,155	989,396	137,404
Contingency	37,800	7,800	-	-	-	7,800
Total Expenditures	634,600	1,134,600	498,241	491,155	989,396	145,204
REVENUES OVER (UNDER) EXPENDITURES	(9,800)	(9,800)	20,819	6,845	27,664	37,464
NET CHANGE IN FUND BALANCE	(9,800)	(9,800)	20,819	6,845	27,664	37,464
FUND BALANCE, beginning of year	9,800	9,800	2,313	23,132	2,313	(7,487)
FUND BALANCE, end of year	\$ -	\$ -	\$ 23,132	\$ 29,977	\$ 29,977	\$ 29,977
RECONCILIATION TO NET POSITION - GAAP BASIS						
Adjustment for capital assets, net of depreciation					2,958	
NET POSITION - GAAP BASIS	\$ -				\$ 32,935	

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND
ACTUAL – CUSTOMER SERVICE FUND
YEAR ENDED JUNE 30, 2025

	Biennial Budget		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Charges for services	\$ 3,270,400	\$ 3,270,400	\$ 1,631,451	\$ 1,708,836	\$ 3,340,287	69,887
Interest	3,000	3,000	5,135	10,434	15,569	12,569
Miscellaneous	-	-	150	-	150	150
Total Revenues	3,273,400	3,273,400	1,636,736	1,719,270	3,356,006	82,606
EXPENDITURES						
Policy and administration	3,207,800	3,207,800	1,544,998	1,651,082	3,196,080	11,720
Contingency	100,500	100,500	-	-	-	100,500
Total Expenditures	3,308,300	3,308,300	1,544,998	1,651,082	3,196,080	112,220
REVENUES OVER (UNDER) EXPENDITURES	(34,900)	(34,900)	91,738	68,188	159,926	194,826
OTHER FINANCING SOURCES (USES)						
Transfers out	(6,000)	(6,000)	(3,000)	(3,000)	(6,000)	-
NET CHANGE IN FUND BALANCE	(40,900)	(40,900)	88,738	65,188	153,926	194,826
FUND BALANCE, beginning of year	40,900	40,900	52,078	140,816	52,078	11,178
FUND BALANCE, end of year	\$ -	\$ -	\$ 140,816	\$ 206,004	206,004	\$ 206,004

RECONCILIATION TO NET POSITION - GAAP BASIS

Adjustment for compensated absences accrual	(135,888)
Adjustment for net pension liability	(762,316)
Adjustment for net OPEB liability/asset	(296,341)
Adjustment for deferred resources relating to pensions	179,322
Adjustment for deferred resources relating to OPEB	(69,114)
NET POSITION - GAAP BASIS	\$ (878,333)

CITY OF OREGON CITY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – EQUIPMENT REPLACEMENT FUND YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual			Variance
	Original	Final	FY 2024	FY 2025	Biennial	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 14,397	\$ -	\$ 14,397	\$ (14,397)
Interest	111,000	111,000	352,727	399,763	752,490	641,490
Miscellaneous	-	-	189,690	63,903	253,593	253,593
Total Revenues	111,000	111,000	556,814	463,666	1,020,480	909,480
EXPENDITURES						
Police	920,400	1,115,500	888,182	113,858	1,002,040	113,460
Parks and recreation	605,000	605,000	241,310	273,062	514,372	90,628
General government	28,400	28,400	14,200	14,200	28,400	-
Community development	34,000	34,000	34,000	-	34,000	-
Public works	1,593,900	1,593,900	656,103	499,008	1,155,111	438,789
Debt service						
Principal	-	268,600	134,921	115,612	250,533	18,067
Interest	-	13,900	4,588	9,032	13,620	280
Total Expenditures	3,181,700	3,659,300	1,973,304	1,024,772	2,998,076	661,224
REVENUES OVER (UNDER) EXPENDITURES	(3,070,700)	(3,548,300)	(1,416,490)	(561,106)	(1,977,596)	1,570,704
OTHER FINANCING SOURCES (USES)						
Proceeds from Lease Obligations	-	316,300	316,220	-	316,220	(80)
Transfers in	2,902,000	2,902,000	1,392,000	1,456,000	2,848,000	(54,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,902,000	3,218,300	1,708,220	1,456,000	3,164,220	(54,080)
NET CHANGE IN FUND BALANCE	(168,700)	(330,000)	291,730	894,894	1,186,624	1,516,624
FUND BALANCE, beginning of year	7,237,300	7,398,600	8,102,484	8,394,214	8,102,484	703,884
FUND BALANCE, end of year	\$ 7,068,600	\$ 7,068,600	\$ 8,394,214	\$ 9,289,108	9,289,108	\$ 2,220,508
RECONCILIATION TO NET POSITION - GAAP BASIS						
Adjustment for capital assets, net of depreciation					3,126,301	
Adjustment for lease liability					(219,380)	
Adjustment for subscription liability					(37,224)	
Adjustment for accrued interest					(3,859)	
NET POSITION - GAAP BASIS					\$ 12,154,946	

Other Financial Schedules

CITY OF OREGON CITY, OREGON

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
YEAR ENDED JUNE 30, 2025

Fiscal Year

<i>Ending June 30,</i>	<i>2015 Library General Obligation Bonds</i>			<i>2018 Full Faith and Credit Bonds CSAF</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2026	\$ 316,130	\$ 99,240	\$ 415,370	\$ 630,000	\$ 471,700	\$ 1,101,700
2027	325,867	89,504	415,371	655,000	446,500	1,101,500
2028	335,904	79,467	415,371	685,000	420,300	1,105,300
2029	346,250	69,121	415,371	710,000	392,900	1,102,900
2030	356,914	58,457	415,371	745,000	357,400	1,102,400
2031	367,907	47,464	415,371	785,000	320,150	1,105,150
2032	379,239	36,132	415,371	825,000	280,900	1,105,900
2033	390,919	24,451	415,370	865,000	239,650	1,104,650
2034	402,960	12,411	415,371	905,000	196,400	1,101,400
2035	-	-	-	945,000	160,200	1,105,200
2036	-	-	-	980,000	122,400	1,102,400
2037	-	-	-	1,020,000	83,200	1,103,200
2038	-	-	-	1,060,000	42,400	1,102,400
	<u>\$ 3,222,090</u>	<u>\$ 516,247</u>	<u>\$ 3,738,337</u>	<u>\$10,810,000</u>	<u>\$ 3,534,100</u>	<u>\$14,344,100</u>

CITY OF OREGON CITY, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS (Continued)
YEAR ENDED JUNE 30, 2025

2005 PERS UAL Bond

<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 1,690,000	\$ 225,931	\$ 1,915,931
1,850,000	141,363	1,991,363
975,000	48,789	1,023,789
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<hr/> <u>\$ 4,515,000</u>	<hr/> <u>\$ 416,083</u>	<hr/> <u>\$ 4,931,083</u>

CITY OF OREGON CITY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
YEAR ENDED JUNE 30, 2025

City of Oregon City

Tax Year	Uncollected Balances		Interest, Discounts & Adjustments		Uncollected Balances	
	June 30, 2024	2024-2025 Levy	Turnovers	June 30, 2025		
2024-25	\$ -	\$ 18,181,918	\$ (497,658)	\$ (17,247,102)	\$ 437,158	
2023-24	404,828	-	(4,625)	(219,879)	180,324	
2022-23	101,459	-	2,237	(36,407)	67,289	
2021-22	54,832	-	5,562	(34,908)	25,486	
2020-21	20,601	-	3,218	(16,414)	7,405	
2019-20 and prior	29,563	-	43	(3,676)	25,930	
Total	\$ 611,283	\$ 18,181,918	\$ (491,223)	\$ (17,558,386)	\$ 743,592	

Oregon City Urban Renewal

Tax Year	Uncollected Balances		Interest, Discounts & Adjustments		Uncollected Balances	
	June 30, 2024	2024-2025 Levy	Turnovers	June 30, 2025		
2024-25	\$ -	\$ 867,416	\$ (23,742)	\$ (821,092)	\$ 22,582	
2023-24	-	-	-	-	-	
2022-23	26,082	-	461	(12,668)	13,875	
2021-22	11,681	-	1,185	(7,435)	5,431	
2020-21	4,411	-	689	(3,514)	1,586	
2019-20 and prior	5,991	-	233	(1,017)	5,207	
Total	\$ 48,165	\$ 867,416	\$ (21,174)	\$ (845,726)	\$ 48,681	

STATISTICAL SECTION



STATISTICAL SECTION

This part of the financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	128
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	138
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	142
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	146
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.	148

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year(s).

CITY OF OREGON CITY, OREGON

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS – UNAUDITED
(Accrual basis of accounting)

	2025	2024	2023	2022
Governmental activities				
Net investment in capital assets	\$ 163,349,871	\$ 161,318,410	\$ 159,771,923	\$ 158,820,509
Restricted for special purposes	60,814,068	59,808,973	54,726,514	40,590,633
Unrestricted	(8,943,312)	(9,595,694)	(12,902,365)	(16,010,159)
Total governmental activities net position	<u>215,220,627</u>	<u>211,531,689</u>	<u>201,596,072</u>	<u>183,400,983</u>
Business-type activities				
Net investment in capital assets	109,334,097	100,349,927	92,038,220	80,790,568
Restricted for special purposes	82,377	98,808	86,685	86,963
Unrestricted	<u>42,007,551</u>	<u>40,938,712</u>	<u>41,046,387</u>	<u>36,431,949</u>
Total business-type activities net position	<u>151,424,025</u>	<u>141,387,447</u>	<u>133,171,292</u>	<u>117,309,480</u>
Total government				
Net investment in capital assets	272,683,968	261,668,337	251,810,143	239,611,077
Restricted for special purposes	60,896,445	59,907,781	54,813,199	40,677,596
Unrestricted	<u>33,064,239</u>	<u>31,343,018</u>	<u>28,144,022</u>	<u>20,421,790</u>
Total government net position	<u><u>\$ 366,644,652</u></u>	<u><u>\$ 352,919,136</u></u>	<u><u>\$ 334,767,364</u></u>	<u><u>\$ 300,710,463</u></u>

2021	2020	2019	2018	2017	2016
\$ 150,702,278	\$ 123,436,477	\$ 112,838,180	\$ 107,219,008	\$ 98,512,736	\$ 91,671,741
30,249,491	32,090,793	21,511,494	22,910,088	20,405,260	20,684,505
(10,684,129)	4,466,022	6,854,069	(905,713)	5,185,965	1,150,993
<u>170,267,640</u>	<u>159,993,292</u>	<u>141,203,743</u>	<u>129,223,383</u>	<u>124,103,961</u>	<u>113,507,239</u>
79,362,840	76,121,011	73,993,057	69,904,459	66,828,362	62,178,638
49,517	43,775	26,004	-	-	-
<u>32,883,732</u>	<u>31,203,807</u>	<u>27,383,090</u>	<u>23,901,172</u>	<u>25,143,381</u>	<u>22,862,191</u>
112,296,089	107,368,593	101,402,151	93,805,631	91,971,743	85,040,829
230,065,118	199,557,488	186,831,237	177,123,467	165,341,098	153,850,379
30,299,008	32,134,568	21,537,498	22,910,088	20,405,260	20,684,505
<u>22,199,603</u>	<u>35,669,829</u>	<u>34,237,159</u>	<u>22,995,459</u>	<u>30,329,346</u>	<u>24,013,184</u>
<u>\$ 282,563,729</u>	<u>\$ 267,361,885</u>	<u>\$ 242,605,894</u>	<u>\$ 223,029,014</u>	<u>\$ 216,075,704</u>	<u>\$ 198,548,068</u>

CITY OF OREGON CITY, OREGON

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS – UNAUDITED

(Accrual basis of accounting)

	2025	2024	2023	2022
Expenses:				
Governmental activities:				
General government	\$ 12,091,994	\$ 10,716,020	\$ 9,385,154	\$ 8,466,143
Public safety	14,567,769	13,013,336	13,124,090	12,153,036
Public works	8,519,850	8,790,708	8,337,604	8,050,720
Culture and recreation	9,853,118	9,112,168	9,563,967	8,190,792
Community development	3,593,958	4,259,193	3,619,719	3,307,988
Interest on long-term debt	829,449	936,726	1,028,158	1,128,589
Total governmental activities expenses	<u>49,456,138</u>	<u>46,828,151</u>	<u>45,058,692</u>	<u>41,297,268</u>
Business-type activities:				
Water	8,154,293	8,121,871	7,827,537	7,436,503
Wastewater	15,363,103	12,539,985	12,904,231	12,663,573
Stormwater	3,971,981	4,088,225	2,902,744	2,832,689
Fleet	959,930	948,762	666,036	570,003
Interest on long-term debt	-	8,484	6,690	-
Total business-type activities expenses	<u>28,449,307</u>	<u>25,707,327</u>	<u>24,307,238</u>	<u>23,502,768</u>
Total City expenses	77,905,445	72,535,478	69,365,930	64,800,036
Program Revenues:				
Governmental activities:				
Fees, fines, and charges for services:				
General government	3,483,017	3,908,561	2,935,993	2,941,009
Public safety	2,090,351	2,073,352	1,869,583	1,829,059
Public works	4,402,763	4,245,162	4,099,160	3,873,286
Culture and recreation	1,458,602	1,408,344	1,446,327	1,088,194
Community development	2,102,567	3,310,093	3,442,999	3,910,752
Operating grants and contributions	7,336,760	7,500,878	16,000,474	7,384,170
Capital grants and contributions	4,195,413	3,995,177	10,109,047	6,380,476
Total governmental activities program revenues	<u>25,069,473</u>	<u>26,441,567</u>	<u>39,903,583</u>	<u>27,406,946</u>
Business-type activities:				
Fees, fines, and charges for services:				
Water	11,017,371	10,617,613	10,107,086	9,303,164
Wastewater	14,105,094	13,388,938	12,651,383	11,832,573
Stormwater	4,353,391	3,974,071	3,729,541	3,372,416
Fleet	497,705	517,905	325,314	305,775
Operating grants and contributions	3,487,459	2,839,044	2,357,840	617,182
Capital grants and contributions	2,356,305	717,435	3,522,854	2,910,827
Total business-type activities program revenues	<u>35,817,325</u>	<u>32,055,006</u>	<u>32,694,018</u>	<u>28,341,937</u>
Total City program revenues	60,886,798	58,496,573	72,597,601	55,748,883
Net (Expense)/Revenue				
Governmental activities	(24,386,665)	(20,386,584)	(5,155,109)	(13,890,322)
Business-type activities	<u>7,368,018</u>	<u>6,347,679</u>	<u>8,386,780</u>	<u>4,839,169</u>
Total Net (Expense) Revenue	(17,018,647)	(14,038,905)	3,231,671	(9,051,153)

2021	2020	2019	2018	2017	2016
\$ 9,010,937	\$ 9,373,368	\$ 8,577,496	\$ 7,448,383	\$ 7,947,344	\$ 7,547,409
13,853,016	11,793,974	10,883,771	11,595,492	10,842,456	11,383,715
8,145,420	7,738,706	6,978,502	6,867,970	6,876,632	6,685,545
7,938,164	7,405,747	6,245,678	6,375,010	5,835,146	5,524,614
3,318,339	3,470,850	2,906,968	2,891,302	2,907,659	3,174,168
1,308,150	1,589,947	1,732,088	1,407,996	1,339,404	1,430,985
<u>43,574,026</u>	<u>41,372,592</u>	<u>37,324,503</u>	<u>36,586,153</u>	<u>35,748,641</u>	<u>35,746,436</u>
8,044,736	6,252,361	6,462,476	6,431,175	5,453,642	5,640,772
11,034,218	10,514,584	9,898,303	9,792,585	8,561,317	8,212,827
2,838,118	2,922,440	2,548,229	2,474,327	2,204,164	2,386,425
897,408	556,526	1,252,333	1,012,240	965,043	875,496
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,814,480</u>	<u>20,245,911</u>	<u>20,161,341</u>	<u>19,710,327</u>	<u>17,184,166</u>	<u>17,115,520</u>
66,388,506	61,618,503	57,485,844	56,296,480	52,932,807	52,861,956
2,813,688	2,664,024	2,885,237	2,932,559	1,808,279	1,216,065
1,518,937	1,864,235	2,076,802	2,192,706	2,272,781	1,602,172
3,878,554	3,704,502	3,520,298	3,438,000	2,956,226	4,954,538
597,643	708,777	977,308	990,222	884,343	1,503,604
2,962,631	4,810,896	3,360,863	2,989,087	3,765,135	2,931,522
7,229,665	6,567,385	6,103,603	5,474,992	5,095,057	5,006,825
6,986,238	12,115,164	5,564,471	3,062,693	7,907,564	877,610
<u>25,987,356</u>	<u>32,434,983</u>	<u>24,488,582</u>	<u>21,080,259</u>	<u>24,689,385</u>	<u>18,092,336</u>
9,352,368	8,598,561	8,833,873	8,169,832	7,206,477	6,833,922
11,528,849	11,094,148	10,893,729	10,181,048	10,476,356	9,618,375
3,225,188	3,133,103	3,000,968	2,836,265	2,713,307	2,625,274
236,503	229,911	277,811	197,002	233,146	201,492
498,110	322,487	776,722	479,274	353,942	172,917
1,759,790	3,308,978	3,422,338	930,731	3,149,009	1,171,711
<u>26,600,808</u>	<u>26,687,188</u>	<u>27,205,441</u>	<u>22,794,152</u>	<u>24,132,237</u>	<u>20,623,691</u>
52,588,164	59,122,171	51,694,023	43,874,411	48,821,622	38,716,027
(17,586,670)	(8,937,609)	(12,835,921)	(15,505,894)	(11,059,256)	(17,654,100)
3,786,328	6,441,277	7,044,100	3,083,825	6,948,071	3,508,171
(13,800,342)	(2,496,332)	(5,791,821)	(12,422,069)	(4,111,185)	(14,145,929)

CITY OF OREGON CITY, OREGON

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS – UNAUDITED (Continued)
(Accrual basis of accounting)

	2025	2024	2023	2022
General revenues and other changes in net position				
Governmental activities				
Property taxes	\$ 18,427,542	\$ 17,274,465	\$ 18,760,606	\$ 18,516,695
Franchise taxes	4,412,147	4,683,625	4,491,261	4,585,159
Intergovernmental	1,070,907	1,261,868	1,308,887	1,205,956
Miscellaneous	3,169,175	3,551,330	3,311,476	2,900,428
Unrestricted investment earnings	4,096,710	3,649,378	1,811,814	17,874
Gain (loss) on disposition of assets	-	(60,907)	-	-
Transfers	(1,406,740)	(37,558)	(6,346,650)	40,884
Total governmental activities	29,769,741	30,322,201	23,337,394	27,266,996
Business-type activities				
Franchise taxes	376,357	354,977	334,174	314,206
Miscellaneous	60,889	167,645	55,650	33,299
Unrestricted investment earnings	1,370,511	1,306,314	734,806	(87,935)
Gain (loss) on disposition of assets	-	1,982	-	-
Transfers	1,406,740	37,558	6,346,650	(40,884)
Total business-type activities	3,214,497	1,868,476	7,471,280	218,686
Total City General Revenues and Other Changes	32,984,238	32,190,677	30,808,674	27,485,682
Changes in net position				
Governmental activities	5,383,076	9,935,617	18,182,285	13,376,674
Business-type activities	10,582,515	8,216,155	15,858,060	5,057,855
Total changes in net position	15,965,591	18,151,772	34,040,345	18,434,529
Net position, July 1*				
Governmental activities	209,837,551	201,596,072	183,413,787	170,024,309
Business-type activities	140,841,510	133,171,292	117,313,232	112,251,625
Total Government	350,679,061	334,767,364	300,727,019	282,275,934
Net position, June 30				
Governmental activities	215,220,627	211,531,689	201,596,072	183,400,983
Business-type activities	151,424,025	141,387,447	133,171,292	117,309,480
Total Government	\$ 366,644,652	\$ 352,919,136	\$ 334,767,364	\$ 300,710,463

* Beginning net position as restated

2021	2020	2019	2018	2017	2016
\$ 17,428,521	\$ 16,907,896	\$ 15,734,726	\$ 15,145,511	\$ 14,636,241	\$ 13,987,720
4,068,338	3,913,647	3,810,988	3,780,955	3,634,332	3,541,761
1,327,256	1,227,741	1,122,464	961,015	919,857	920,764
2,768,689	3,212,807	2,157,187	1,938,632	1,487,831	1,782,997
620,882	1,266,427	1,778,747	858,521	503,858	364,128
2,344,863	-	-	-	-	-
(697,531)	1,198,640	212,169	(403,508)	473,859	523,873
<u>27,861,018</u>	<u>27,727,158</u>	<u>24,816,281</u>	<u>22,281,126</u>	<u>21,655,978</u>	<u>21,121,243</u>
302,700	291,325	281,811	268,785	258,220	237,075
26,536	90,922	35,394	41,622	74,071	-
124,789	341,558	447,384	173,245	124,411	91,944
(10,388)	-	-	(5,000)	-	-
<u>697,531</u>	<u>(1,198,640)</u>	<u>(212,169)</u>	<u>403,508</u>	<u>(473,859)</u>	<u>(523,873)</u>
<u>1,141,168</u>	<u>(474,835)</u>	<u>552,420</u>	<u>882,160</u>	<u>(17,157)</u>	<u>(194,854)</u>
<u>29,002,186</u>	<u>27,252,323</u>	<u>25,368,701</u>	<u>23,163,286</u>	<u>21,638,821</u>	<u>20,926,389</u>
10,274,348	18,789,549	11,980,360	6,775,232	10,596,722	3,467,143
<u>4,927,496</u>	<u>5,966,442</u>	<u>7,596,520</u>	<u>3,965,985</u>	<u>6,930,914</u>	<u>3,313,317</u>
<u>15,201,844</u>	<u>24,755,991</u>	<u>19,576,880</u>	<u>10,741,217</u>	<u>17,527,636</u>	<u>6,780,460</u>
159,993,292	141,203,743	129,223,383	122,448,151	113,507,239	110,040,096
107,368,593	101,402,151	93,805,631	89,839,646	85,040,829	81,727,512
<u>267,361,885</u>	<u>242,605,894</u>	<u>223,029,014</u>	<u>212,287,797</u>	<u>198,548,068</u>	<u>191,767,608</u>
170,267,640	159,993,292	141,203,743	129,223,383	124,103,961	113,507,239
112,296,089	107,368,593	101,402,151	93,805,631	91,971,743	85,040,829
<u>\$ 282,563,729</u>	<u>\$ 267,361,885</u>	<u>\$ 242,605,894</u>	<u>\$ 223,029,014</u>	<u>\$ 216,075,704</u>	<u>\$ 198,548,068</u>

CITY OF OREGON CITY, OREGON

FUND BALANCES – GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS – UNAUDITED
 (Modified accrual basis of accounting)

	2025	2024	2023	2022
General fund				
Nonspendable	\$ 117,048	\$ 149,841	\$ 110,009	\$ 41,999
Restricted	1,851,003	1,826,084	1,633,208	1,244,458
Committed	-	-	-	-
Assigned	-	-	726,083	-
Unassigned	12,780,105	13,215,475	11,471,152	11,978,819
Total General fund	<u>14,748,156</u>	<u>15,191,400</u>	<u>13,940,452</u>	<u>13,265,276</u>
All other governmental funds				
Nonspendable	373,817	445,657	166,015	98,297
Restricted	63,138,642	61,483,812	56,764,633	41,452,329
Committed	2,846,875	2,279,163	3,637,413	3,903,337
Assigned	2,091,874	1,800,961	1,566,811	1,141,676
Total all other governmental funds	<u>68,451,208</u>	<u>66,009,593</u>	<u>62,134,872</u>	<u>46,595,639</u>
Total Fund Balances	<u><u>\$ 83,199,364</u></u>	<u><u>\$ 81,200,993</u></u>	<u><u>\$ 76,075,324</u></u>	<u><u>\$ 59,860,915</u></u>

2021	2020	2019	2018	2017	2016
\$ 39,091	\$ 47,055	\$ 73,356	\$ 60,555	\$ 116,000	\$ 59,641
1,087,675	-	-	-	-	-
-	-	-	-	-	908,882
-	-	-	-	-	-
10,030,813	11,471,979	9,743,445	8,504,753	7,154,174	6,470,357
11,157,579	11,519,034	9,816,801	8,565,308	7,270,174	7,438,880
7,719	68,806	-	-	-	-
34,745,375	33,455,087	30,101,001	28,507,504	27,474,611	21,343,249
9,321,329	23,082,261	34,862,477	31,836,218	18,462,121	18,177,135
985,600	-	-	-	-	-
45,060,023	56,606,154	64,963,478	60,343,722	45,936,732	39,520,384
\$ 56,217,602	\$ 68,125,188	\$ 74,780,279	\$ 68,909,030	\$ 53,206,906	\$ 46,959,264

CITY OF OREGON CITY, OREGON

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS – UNAUDITED
 (Modified accrual basis of accounting)

	2025	2024	2023	2022
Revenues				
Taxes and assessments	\$ 23,220,856	\$ 22,527,988	\$ 24,151,849	\$ 23,131,570
Licenses and permits	1,385,119	2,632,088	2,416,014	2,623,553
Charges for services	12,395,766	11,305,962	19,216,482	15,444,949
Intergovernmental	10,072,910	10,269,168	17,768,079	9,818,819
Fines and forfeitures	1,166,798	1,206,047	1,005,239	988,878
Other income	6,445,594	6,602,869	4,428,734	2,173,432
Total revenues	54,687,043	54,544,122	68,986,397	54,181,201
Expenditures				
Current operating:				
General government	10,634,454	9,403,555	8,818,994	7,841,285
Public safety	13,781,032	12,892,962	12,533,144	11,978,424
Public works	4,881,171	4,949,577	4,825,150	4,728,311
Culture and recreation	8,267,583	7,776,656	7,677,854	6,546,281
Community development	3,725,778	3,588,710	3,605,346	3,560,477
Capital outlay	8,067,652	7,808,561	6,670,415	13,369,194
Debt service				
Principal	2,704,933	2,614,637	2,384,981	1,972,223
Interest	919,069	1,021,778	1,109,827	1,210,548
Total expenditures	52,981,672	50,056,436	47,625,711	51,206,743
Revenues Over (under)				
Expenditures	1,705,371	4,487,686	21,360,686	2,974,458
Other financing sources (uses)				
Bond proceeds / loan payments	-	-	-	-
Lease financing	-	-	-	6,855
Subscription financing	-	355,983	366,177	-
Proceeds from sale of assets	-	-	-	-
Transfers in	3,284,224	3,256,648	4,299,904	3,632,504
Transfers out	(2,991,224)	(2,974,648)	(9,812,358)	(2,970,504)
Total other financing sources (uses)	293,000	637,983	(5,146,277)	668,855
Net change in fund balances	1,998,371	5,125,669	16,214,409	3,643,313
Fund balances, beginning of year *	81,200,993	76,075,324	59,860,915	56,217,602
Fund balances, end of year	<u>\$ 83,199,364</u>	<u>\$ 81,200,993</u>	<u>\$ 76,075,324</u>	<u>\$ 59,860,915</u>
Debt service as a percentage of noncapital expenditures	<u>8.07%</u>	<u>8.61%</u>	<u>8.53%</u>	<u>8.41%</u>

* Beginning Fund balance as restated

2021	2020	2019	2018	2017	2016
\$ 22,182,017	\$ 21,359,427	\$ 20,492,362	\$ 19,379,452	\$ 18,542,705	\$ 17,755,055
2,044,658	3,124,882	2,375,163	1,990,219	2,833,057	2,459,320
14,849,305	12,383,762	11,487,131	11,828,492	12,498,856	9,120,163
11,056,263	11,815,929	7,768,005	6,517,167	6,444,900	5,896,615
1,122,184	1,196,988	1,687,984	1,710,193	1,147,459	818,239
2,735,164	4,359,714	3,947,242	2,731,589	2,355,231	2,408,042
53,989,591	54,240,702	47,757,887	44,157,112	43,822,208	38,457,434
8,504,268	8,328,582	7,075,536	6,921,135	6,508,052	5,813,700
11,540,358	10,926,748	10,518,832	10,550,480	9,650,718	8,834,120
4,609,579	4,228,792	3,951,711	3,920,948	4,049,196	6,398,448
6,258,861	5,765,222	5,434,738	5,388,647	4,909,619	4,614,517
2,824,222	3,113,420	2,714,752	2,729,888	2,849,608	2,676,958
27,057,260	26,782,351	8,885,376	13,002,143	7,354,648	7,314,482
7,995,560	2,548,164	2,405,290	1,792,649	2,065,241	2,124,053
1,430,478	1,681,033	1,821,630	1,368,281	1,351,616	1,442,688
70,220,586	63,374,312	42,807,865	45,674,171	38,738,698	39,218,966
(16,230,995)	(9,133,610)	4,950,022	(1,517,059)	5,083,510	(761,532)
-	-	-	16,157,183	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,235,873	-	-	-	-	-
3,564,470	6,283,870	4,403,677	2,406,016	3,718,183	3,517,364
(2,476,934)	(3,805,351)	(3,482,450)	(1,344,016)	(2,554,051)	(2,341,599)
4,323,409	2,478,519	921,227	17,219,183	1,164,132	1,175,765
(11,907,586)	(6,655,091)	5,871,249	15,702,124	6,247,642	414,233
68,125,188	74,780,279	68,909,030	53,206,906	46,959,264	46,545,031
\$ 56,217,602	\$ 68,125,188	\$ 74,780,279	\$ 68,909,030	\$ 53,206,906	\$ 46,959,264
21.84%	11.56%	12.46%	9.67%	10.89%	11.18%

CITY OF OREGON CITY, OREGON

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property			Other Property ⁽²⁾			Total Estimated Actual Value ⁽¹⁾	Ratio of TAV to Estimated Actual Value	Direct Tax rate			
	Taxable		Taxable		Total TAV							
	Assessed Value (TAV)	Estimated Actual Value ⁽¹⁾	Assessed Value (TAV)	Estimated Actual Value ⁽¹⁾								
2025	\$ 3,934,970,460	\$ 7,701,098,362	\$ 241,348,071	\$ 263,461,515	\$ 4,176,318,531	\$ 7,964,559,877	52.4%	\$ 4.5585				
2024	3,812,449,883	7,720,837,079	224,521,836	243,803,185	4,036,971,719	7,964,640,264	50.7%	4.4090				
2023	3,647,673,936	7,417,940,334	199,576,495	209,998,129	3,847,250,431	7,627,938,463	50.4%	5.0293				
2022	3,499,410,044	6,352,681,365	189,602,420	196,533,796	3,689,012,464	6,549,215,161	56.3%	5.0478				
2021	3,371,989,490	5,752,105,482	184,647,638	180,339,835	3,556,637,128	5,932,445,317	60.0%	5.0511				
2020	3,219,622,683	5,468,065,833	175,933,009	176,287,179	3,395,555,692	5,644,353,012	60.2%	5.1231				
2019	3,064,848,212	5,098,679,755	172,780,575	168,516,154	3,237,628,787	5,267,195,909	61.5%	5.0613				
2018	2,926,103,506	4,605,880,344	163,399,115	54,773,309	3,089,502,621	4,660,653,653	66.3%	5.0479				
2017	2,883,655,457	4,178,977,212	54,773,309	52,451,145	2,938,428,766	4,231,428,357	69.4%	5.1248				
2016	2,749,493,939	3,698,124,952	52,451,145	48,468,773	2,801,945,084	3,746,593,725	74.8%	5.1222				

⁽¹⁾ The State of Oregon calls Actual Value "Real Market Value"

⁽²⁾ Includes Personal Property, Manufactured Structures and Public Utilities

Source: Clackamas County Tax Assessor

CITY OF OREGON CITY, OREGON
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	City Direct Rates				Overlapping Rates						Total Direct and Overlapping
	General Operating	Bonded Debt	Urban Renewal Agency	Total Direct	Oregon City School District	Clackamas Community College	Education Service District	Clackamas County ⁽¹⁾	Other Districts ⁽²⁾	Total Overlapping	
2025	4.3508	-	0.2077	4.5585	6.0334	0.7908	0.3612	3.3698	3.6044	14.1596	18.7181
2024	4.4090	-	0.0000	4.4090	6.1876	0.8015	0.3661	3.4039	3.6410	14.4001	18.8091
2023	4.1682	-	0.8611	5.0293	5.9085	0.7691	0.3462	3.2420	2.9762	13.2420	18.2713
2022	4.1611	-	0.8867	5.0478	5.8871	0.6849	0.3459	3.1207	2.9761	13.0147	18.0625
2021	4.1598	-	0.8913	5.0511	5.8509	0.7005	0.3459	3.1171	3.0073	13.0217	18.0728
2020	4.1595	-	0.9636	5.1231	5.8495	0.6899	0.3484	3.1155	3.0941	13.0974	18.2205
2019	4.1795	-	0.8818	5.0613	5.6854	0.7034	0.3484	3.1307	2.9049	12.7728	17.8341
2018	4.1861	0.0000	0.8618	5.0479	5.7947	0.7060	0.3484	3.1346	2.8623	12.8460	17.8939
2017	4.1963	0.0894	0.8391	5.1248	6.0329	0.7057	0.3494	3.0414	2.8417	12.9711	18.0959
2016	4.2054	0.1100	0.8068	5.1222	6.0983	0.7102	0.3503	3.0437	2.8426	13.0451	18.1673

⁽¹⁾ County includes County Library and 4-H County Extension

⁽²⁾ Other includes Fire District, Port of Portland, Vector Control, Metro

Source: Clackamas County Assessor and Tax Collector

CITY OF OREGON CITY, OREGON

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2025			2016		
		Assessed Value	Rank	Percentage of Total Value	Assessed Value	Rank	Percentage of Total Value
Portland General Electric Company	Utility	\$ 66,246,419	1	1.59%	\$ 26,009,000	2	0.93%
The Landing - 302 LLC	Real Estate	60,769,766	2	1.46%	46,119,739	1	1.65%
Quantum Management	Apartments	29,589,457	3	0.71%	22,017,337	4	0.79%
Northwest Natural Gas Co.	Utility	29,409,964	4	0.70%			
Timberview 180 Limited Partnership	Real Estate	26,812,144	5	0.64%			
Loja Trails End LLC	Real Estate	25,572,810	6	0.61%			
Orchid Orthopedic Solutions Oregon Inc	Health Services	25,059,053	7	0.60%			
Craig T Danielson	Real Estate	24,825,015	8	0.59%	18,001,982	7	0.64%
Providence Health	Health Services	23,414,368	9	0.56%	14,791,110	9	0.53%
Kiewit Infrastructure West Co	Construction	21,570,223	10	0.52%			
Comcast Corporation	Utility				24,717,200	3	0.88%
Metropolitan Life Insurance Company	Retail				20,723,097	5	0.74%
Trails End Oregon Investors LLC	Real Estate				19,314,876	6	0.69%
Investment Concepts Inc	Real Estate				15,122,042	8	0.54%
BHLP Refi LLC	Real Estate				13,709,362	10	0.49%
Subtotal - ten of the City's largest taxpayers		333,269,219		7.98%	220,525,745		7.88%
All other City taxpayers in Clackamas County		3,843,049,312		92.02%	2,581,419,339		92.12%
<i>Total City taxpayers</i>		<u>\$ 4,176,318,531</u>		<u>100.00%</u>	<u>\$ 2,801,945,084</u>		<u>100.00%</u>

Source: Clackamas County Tax Assessor

Taxpayers ranked according to assessed taxes, not assessed value.

* During FY 2015, Trails End Oregon Investors LLC sold its property to Loja Trails End LLC.

CITY OF OREGON CITY, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Extended Tax Levy	Current Tax Collections (Within Year)	Percent of Current Taxes Collected		Subsequent Years Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
			Current Taxes Collected	Subsequent Years Collections					
2025	\$ 18,181,918	\$ 17,333,562	95.33%	\$ -	\$ 17,333,562	95.33%	\$ 347,291	1.91%	
2024	17,801,420	16,958,089	95.26%	140,789	17,098,877	95.26%	332,033	1.87%	
2023	16,043,879	15,358,864	95.73%	125,768	15,358,864	95.73%	235,592	1.47%	
2022	15,336,496	14,581,716	95.08%	185,630	14,581,716	95.08%	305,118	1.99%	
2021	14,784,687	14,148,000	95.69%	102,171	14,250,171	96.38%	109,335	0.74%	
2020	14,155,665	13,527,462	95.56%	152,661	13,680,123	96.64%	58,952	0.42%	
2019	13,518,480	12,927,465	95.63%	165,236	13,092,701	96.85%	14,032	0.10%	
2018	12,935,275	12,316,356	95.22%	208,307	12,524,663	96.83%	5,443	0.04%	
2017	12,596,284	12,008,721	95.34%	195,071	12,203,792	96.88%	3,603	0.03%	
2016	12,105,761	11,512,412	95.10%	232,341	11,744,753	97.02%	2,731	0.02%	

* FY 2022 Subsequent Years Collections restated

Sources: Clackamas County Assessor and Tax Collector

CITY OF OREGON CITY, OREGON

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Legal debt margin calculation for fiscal year ended June 30, 2025

Total property real market value	\$ 7,964,559,877
	3%
Debt limit (3% of total property real market value) ⁽¹⁾	<u>238,936,796</u>
Amount of debt applicable to debt limit:	
Total bonded debt	19,549,510
Less debt excluded from debt limit:	
Limited obligation bonds	<u>(16,327,420)</u>
Net amount of debt applicable to limit	<u>3,222,090</u>
Legal debt margin - amount available for future indebtedness	<u><u>\$ 235,714,706</u></u>
Percentage of City's indebtedness to total allowed	1.35%

	2025	2024	2023	2022	2021
Debt limit	\$ 238,936,796	\$ 238,939,208	\$ 228,838,154	\$ 196,476,455	\$ 178,270,859
Debt applicable to maximum limit	<u>3,222,090</u>	<u>3,528,775</u>	<u>3,826,296</u>	<u>4,114,927</u>	<u>4,394,934</u>
Legal debt margin available	<u><u>\$ 235,714,706</u></u>	<u><u>\$ 235,410,433</u></u>	<u><u>\$ 225,011,858</u></u>	<u><u>\$ 192,361,528</u></u>	<u><u>\$ 173,875,925</u></u>

Debt applicable to the maximum limit as a percentage of debt limit	1.35%	1.48%	1.67%	2.09%	2.47%
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	2020	2019	2018	2017	2016
Debt limit	\$ 169,452,170	\$ 158,249,008	\$ 143,231,895	\$ 127,012,516	\$ 112,517,283
Debt applicable to maximum limit	<u>4,666,574</u>	<u>4,930,098</u>	<u>5,185,748</u>	<u>5,433,759</u>	<u>6,059,360</u>
Legal debt margin available	<u><u>\$ 164,785,596</u></u>	<u><u>\$ 153,318,910</u></u>	<u><u>\$ 138,046,147</u></u>	<u><u>\$ 121,578,757</u></u>	<u><u>\$ 106,457,923</u></u>

Debt applicable to the maximum limit as a percentage of debt limit	2.75%	3.12%	3.62%	4.28%	5.39%
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⁽¹⁾ Pursuant to Oregon Revised Statutes 287A.050, outstanding general obligation debt is limited to three percent of real market value.

Sources: Annual financial statements and Clackamas County Assessor and Tax Collector

CITY OF OREGON CITY, OREGON
RATIO OF OUTSTANDING DEBT BY TYPE AND DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities						Business-type Activities						Total Primary Government	Percentage of Personal Income ⁽²⁾	Total Debt per Capita ⁽²⁾		
	Oregon City			Urban Renewal			Water WIFIA Loan			Sewer Revenue Bonds							
	General Obligation Bonds	Limited Obligation Bonds ⁽¹⁾	Leases	Subscriptions	Tax Increment Bonds	Leases	Subscriptions	Leases	Subscriptions	Leases	Subscriptions	Leases	Subscriptions				
2025	\$ 3,222,090	\$ 16,327,420	\$ 87,183	\$ 143,198	\$ -	\$ 1,566,513	\$ -	\$ 268,172	\$ 37,224	\$ 21,651,800	-- *	\$ -	\$ 564				
2024	3,528,775	18,549,529	95,575	388,054	-	-	-	355,592	68,349	22,985,874	0.71%	604					
2023	3,826,296	20,606,638	103,488	398,068	-	-	-	158,338	104,823	25,197,651	0.84%	662					
2022	4,114,927	22,508,747	367,015	-	-	-	-	57,330	-	26,990,689	0.98%	720					
2021	4,394,934	24,270,856	-	-	-	-	-	-	-	28,665,790	1.12%	760					
2020	4,666,574	25,897,965	-	-	6,173,920	-	-	-	-	36,738,459	1.59%	1,024					
2019	4,930,098	27,400,074	-	-	7,033,560	-	-	-	-	39,363,732	1.84%	1,107					
2018	5,185,748	27,250,000	-	-	7,868,200	-	-	-	-	40,303,948	1.98%	1,156					
2017	5,433,759	13,370,000	-	-	8,677,840	-	1,475,000	-	-	28,956,599	1.53%	837					
2016	6,059,360	14,020,000	-	-	9,467,480	-	1,925,000	-	-	31,471,840	1.74%	919					

* amount unavailable at date of publication

⁽¹⁾ Presented net of related premiums, discounts, and adjustments

⁽²⁾ Personal income and population data can be found in the demographic statistics later in this section

Source: Annual Financial Reports

CITY OF OREGON CITY, OREGON

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ACTUAL VALUE AND ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population (¹)	Total Estimated Actual Value (²)	Total Taxable Assessed Value (³)	Gross GO Bonded Debt ⁽⁴⁾	Debt Service Reserves	Net GO Bonded Debt	Ratio of Net GO Bonded Debt to Actual Value		Ratio of Net GO Bonded Debt to Assessed Value		Net GO Bonded Debt per Capita
							GO Bonded	Debt to Assessed Value	GO Bonded	Debt to Assessed Value	
2025	38,387	\$ 7,964,559,877	\$ 4,176,318,531	\$ 3,222,090	\$ -	\$ 3,222,090	0.04%	0.08%	0.08%	\$ 84	
2024	38,049	7,964,640,264	4,036,971,719	3,528,775	-	3,528,775	0.04%	0.09%	0.09%	93	
2023	37,471	7,627,938,463	3,847,250,431	3,826,296	-	3,826,296	0.05%	0.10%	0.10%	102	
2022	37,737	6,549,215,161	3,689,012,464	4,114,927	-	4,114,927	0.06%	0.11%	0.11%	109	
2021	35,885	5,932,445,317	3,556,637,128	4,394,934	-	4,394,934	0.07%	0.12%	0.12%	122	
2020	35,570	5,644,353,012	3,395,555,692	4,666,574	-	4,666,574	0.08%	0.14%	0.14%	131	
2019	34,860	5,267,195,909	3,237,628,787	4,930,098	-	4,930,098	0.09%	0.15%	0.15%	141	
2018	34,610	4,660,653,653	3,089,502,621	5,185,748	-	5,185,748	0.11%	0.17%	0.17%	150	
2017	34,240	4,231,428,357	2,938,428,766	5,433,759	(96,672)	5,337,087	0.13%	0.18%	0.18%	156	
2016	33,940	3,746,593,725	2,801,945,084	6,059,360	(69,805)	5,989,555	0.16%	0.21%	0.21%	176	

(¹) Portland State University, Annual Population Statistics

(²) The State of Oregon calls Actual Value "Real Market Value"

(³) Clackamas County Tax Assessor

(⁴) June 30 principal balance, annual financial statements - City only

CITY OF OREGON CITY, OREGON
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2025

Jurisdiction	Estimated Actual Value	Outstanding Net Property- Tax Based Debt ⁽¹⁾	Percentage Applicable to City ⁽²⁾	Amount Applicable to City
Direct:				
City of Oregon City	\$ 7,964,559,877	\$ 19,779,891	100.00%	\$ 19,779,891
Overlapping districts:				
Clackamas Community College	86,768,714,550	232,085,031	9.18%	21,303,317
Clackamas County	118,955,467,346	88,689,500	6.70%	5,938,117
Clackamas County Education Service District	114,353,282,448	26,816,648	6.96%	1,867,753
Clackamas County Fire District #1	53,291,011,407	19,634,532	14.95%	2,934,459
Oregon City School District No. 62	13,961,039,786	411,515,969	57.05%	234,763,688
Clackamas Soil & Water Conservation	118,955,467,346	4,643,000	6.70%	310,867
Metro	435,071,818,652	904,080,000	1.83%	16,520,254
Port of Portland	479,489,971,175	-	1.66%	-
Total overlapping districts		1,687,464,680		283,638,455
Total		\$ 1,707,244,571		\$ 303,418,346

Overlapping governments are those that overlap the geographic boundaries of the City. This schedule calculates the portion of the outstanding debt of those overlapping governments that is taxed to the residents and businesses of the City.

Outstanding Net Property-tax Backed Debt of \$10,810,000 for the City of Oregon City excludes bond premium of \$1,002,420.

⁽¹⁾ Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax General Obligation Debt and less Self-Supporting Full Faith & Credit Debt.

⁽²⁾ The percentage applicable to the City for each overlapping district is calculated by dividing the estimated actual value of the City by the estimated actual value of the respective overlapping district.

Source: Oregon State Treasury (including percentage applicable to the City)

CITY OF OREGON CITY, OREGON

POPULATION STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	County Unemployment Rate ⁽⁴⁾
2025	38,387	*	*	7,394	4.5%
2024	38,049	3,237,404	85,085	7,136	3.6%
2023	37,471	3,007,760	80,269	7,191	3.9%
2022	37,737	2,759,669	73,129	7,115	3.8%
2021	35,885	2,565,921	71,504	7,319	6.6%
2020	35,570	2,304,616	64,791	8,018	5.1%
2019	34,860	2,139,533	61,375	7,835	3.6%
2018	34,610	2,038,633	58,903	7,874	3.7%
2017	34,240	1,893,849	55,311	7,425	3.9%
2016	33,940	1,812,735	53,410	8,029	4.6%

* amount unavailable at date of publication

⁽¹⁾ Center for Population Research and Census, School of Urban and Public Affairs,
Portland State University

⁽²⁾ Estimated for 2024, Bureau of Economic Analysis was not updated at time of financial statement issuance

⁽³⁾ Oregon Department of Education (amounts are for Oregon City School District)

⁽⁴⁾ Oregon Employment Department (amounts are for Clackamas County)

CITY OF OREGON CITY, OREGON

PRINCIPAL EMPLOYERS
THIS YEAR AND NINE YEARS AGO

Employer	Type of Business	2025			2016		
		Employees	Rank	Percentage of total City employment	Employees	Rank	Percentage of total City employment
Clackamas County	Government	2,629	1	16.97%	2,359	1	16.32%
Oregon City School District	Education	895	2	5.78%	904	3	6.25%
Clackamas Community College	Education	760	3	4.91%	932	2	6.45%
Providence Health	Health Services	625	4	4.03%	748	4	5.17%
Benchmade Knife Co., Inc	Manufacturing	452	5	2.92%	179	8	1.24%
Fred Meyer	Retail	327	7	2.11%	273	5	1.89%
Home Depot	Retail	291	6	1.88%	213	7	1.47%
City of Oregon City	Government	259	8	1.67%	255	6	1.76%
Leaps & Bounds LLC	Health Services	215	9	1.39%			0.00%
Orchid Orthopedic Solutions Oregon, Inc	Health Services	210	10	1.36%	155	9	1.07%
General Distributors, Inc	Distributor				147	10	1.02%
Total		6,663		43.02%	6,165		42.64%

Source: City of Oregon City - Business Licenses

CITY OF OREGON CITY, OREGON

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Number of job applications processed	2,549	2,547	2,053	1,817	1,027	1,250	1,700	1,585	1,654	1,175
Number of positions filled	73	76	57	65	68	60	76	87	96	79
Public Safety *										
Calls for service	30,129	29,377	29,949	28,011	27,337	29,559	36,079	24,200	24,000	23,600
Number of arrests	1,374	1,386	1,526	1,455	1,258	1,395	1,549	1,520	1,500	1,437
Municipal court cases processed	4,463	5,409	3,448	5,498	7,172	6,195	10,060	7,800	6,900	7,769
Public Works										
Hundred cubic feet of water consumed (Million)	1.6	2.1	2.3	2.0	2.0	1.8	2.0	1.5	1.5	1.5
Number of water customers (Average)	11,745	11,705	11,677	11,661	11,464	11,440	11,609	11,285	10,700	10,614
Culture and recreation										
Pioneer Community Center (Senior Center)										
People transportation provided for	6,920	5,939	5,992	5,453	5,515	5,951	7,863	7,961	8,150	8,146
Meals on Wheels delivered	38,293	37,110	32,944	34,030	32,427	30,844	32,195	32,092	30,147	30,800
Congregate meals served at Center	9,460	7,561	4,320	1,744	3,696	7,168	8,189	8,119	7,518	7,701
Swimming Pool										
Number of visits	96,221	97,215	97,876	83,852	20,900	148,305	117,640	138,665	138,807	141,520

Source: City of Oregon City Finance Department

* Numbers are estimated for 2017, 2018

CITY OF OREGON CITY, OREGON
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
General government										
City-owned building facilities	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police/Code vehicles	53	52	47	50	49	46	44	40	38	37
Public Works										
Buildings and facilities	2	2	2	2	2	2	2	1	1	1
Miles of streets	147	146	145	144	144	144	142	139	136	136
Miles of sidewalks	167	165	164	163	158	158	157	147	145	141
Acres of right-of-ways	1,199	1,194	1,194	1,188	1,183	1,183	1,179	1,125	1,125	1,125
Signalized intersections	64	55	55	54	49	49	49	52	50	50
Culture and recreation										
Buildings and facilities	7	7	7	7	7	7	7	6	6	6
Library building	1	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1	1
Parks	27	27	27	27	26	25	25	25	25	25
Community development										
Buildings and facilities	1	1	1	1	1	1	1	-	-	-
Business-type activities:										
Water										
Miles of water mains	177	176	175	175	173	173	170	169	169	167
Reservoirs	5	5	5	5	5	5	5	5	5	5
Fire hydrants	1,552	1,547	1,533	1,529	1,508	1,508	1,494	1,478	1,478	1,464
Sewer										
Miles of sewer lines	140	139	138	138	138	137	136	133	133	133
Pump stations	14	14	14	14	14	14	14	14	14	14
Stormwater										
Drainage basins	23	23	23	23	23	22	23	23	23	23
Detention ponds	96	95	92	90	85	85	86	83	83	83
Catch basins	4,607	4,581	4,555	4,517	4,506	4,469	4,242	4,235	4,235	4,235
Miles of streams	33	33	33	33	33	33	33	31	31	31

Notes:

Public Works and Community Services purchased facilities in 2018 for future development.

Community Development relocated to its own facility in 2018.

Source: City of Oregon City Finance department

CITY OF OREGON CITY, OREGON

CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Function / Program								
	Policy & Administration	Public Safety	Public Works	Culture and Recreation	Community Development	Water	Storm	Sewer	Total
2025	27.99	61.73	17.87	60.39	16.25	13.35	10.43	16.46	224.47
2024	27.99	61.73	17.87	60.39	16.25	13.35	10.43	16.46	224.47
2023	26.76	59.98	18.17	57.22	14.25	13.55	10.66	15.73	216.32
2022	26.76	59.98	18.17	57.22	14.25	13.55	10.66	15.73	216.32
2021	25.62	59.48	19.12	53.87	13.00	13.10	10.03	16.15	210.37
2020	25.62	59.48	19.12	53.87	13.00	13.10	10.03	16.15	210.37
2019	24.66	58.48	18.69	53.12	14.00	12.96	10.16	16.55	208.62
2018	24.66	58.48	18.69	53.12	14.00	12.96	10.16	16.55	208.62
2017	22.21	56.48	16.11	49.88	14.53	13.27	10.37	16.56	196.30
2016	22.21	56.48	16.11	49.88	14.53	13.27	10.37	16.56	196.30

In Fiscal Year 2024, the City added an Assistant City Manager, a Part Time Community Engagement Specialist, a Case Worker, a Code Enforcement Officer, a Part Time Background Investigator, a Parks Maintenance Specialist, a Facilities Maintenance Supervisor, additional Part Time Aquatics hours, a Plans Examiner, and an Community Development Administrative Assistant.

In Fiscal Year 2022, the City added an Administrative Assistant, Library Technology Specialist, a Library Safety Officer, and an additional Building Inspector.

In Fiscal Year 2020, the City added a Traffic Sergeant, a Parks Maintenance Specialist, and a Facilities Maintenance Specialist, while also eliminating a limited duration position.

In Fiscal Year 2018, the Police Department added a homeless liaison officer and two school resource officers.

In Fiscal Year 2016, the City brought the Information Technology contract in house and hired IT staff.

Source: City of Oregon City Finance Department

REGULATORY SECTION



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Honorable Mayor and City Commissioners
City of Oregon City
Oregon City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Oregon City (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2025.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

- The historical information for the Building Fund for the biennium July 1, 2021 – June 30, 2023, presented in the July 1, 2025 – June 30, 2027, detail budget document did not agree by \$1,743 to those amounts reported in the budgetary comparison schedules contained in the annual financial reports for those years as required by ORS 294.358.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS, CONTINUED

OAR 162-10-0230 Internal Control

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

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

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

Restriction on Use

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

Aldrich CPAs + Advisors LLP

By:



Andrew Maffia, CPA, Partner
Lake Oswego, Oregon
December 11, 2025

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

To the Honorable Mayor and City Commissioners
City of Oregon City
Oregon City, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon City, Oregon (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

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

Aldrich CPAs + Advisors LLP

Lake Oswego, Oregon
December 11, 2025