



CITY COUNCIL MEETING

Monday, February 23, 2026
Community Auditorium, 1915 Main Street

Malynda Wenzl, Mayor

Mariana Valenzuela, Council President
Angel Falconer, Councilor
Donna Gustafson, Councilor

Michael Marshall, Councilor
Karen Martinez, Councilor
Brian Schimmel, Councilor

[TVCTV Livestream](#)

[Teams Webinar](#)

5:15 - CITY COUNCIL MEET AND GREET WITH CITY ATTORNEY

5:30 - EXECUTIVE SESSION

EXECUTIVE SESSIONS ARE CLOSED TO THE PUBLIC. No formal decisions or actions will be taken. Representatives of the news media may attend, but may not disclose any information discussed. News media representatives can request a link to attend via Zoom by emailing the City Recorder's Office at: mwoods@forestgrove-or.gov

The City Council will convene to hold executive sessions:

- ORS 192.660(2)(f) to consider information or records exempt by law from public inspection.
- ORS 192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

6:15 - CITY COUNCIL WORK SESSION

No public comment will be taken. The Council will take no formal action.

Vision 2040: Council Action Plan

Staff: Kim Ezell, Assistant City Manager

7:00 - CITY COUNCIL MEETING

A. Call to Order

1. Roll Call
2. Land Acknowledgement
3. Pledge of Allegiance
4. **Recognition of Service — Will Murphy**
5. **International Women's Day Proclamation**

B. Public Comment: Time provided for anyone wishing to speak to City Council on an item not on the agenda or on the agenda but not scheduled for a public hearing. Comments are limited to 2 minutes unless additional time is granted by the Presiding Officer. The public comment period shall not exceed 30 minutes unless a majority of Councilors present vote to extend the time. Zoom attendees may use the “Raise Hand” option to be called on.

1. Written Public Comment

C. Consent Agenda: Items considered routine, which are adopted with a single motion without separate discussion. Councilors may remove items prior to the motion to adopt. Removed items are discussed and acted upon following approval of the remaining items.

D. Additions/Deletions

1. City Manager
2. Proposed by Councilors

E. 7:15 Presentations: The Council will hold questions until the end of each presentation.

1. **Annual Audit**
Chris O'Dell, Clear Trail CPAs
2. **Pacific University**
Dr. Jenny Coyle, President of Pacific University
3. **Parks, Recreation, Trails & Open Space Master Plan**
Anne Lane, Parks & Recreation Director

F. 8:00 Public Hearings, Ordinances, and Resolutions

1. **ORDINANCE 2026-02 AMENDING FOREST GROVE DEVELOPMENT CODE ARTICLE 8- DEVELOPMENT STANDARDS, AND ARTICLE 12 – USE CATEGORIES AND DEFINITIONS FILE NO. 311-25-00025-PLNG**
Staff: Bryan Pohl, Community Development Director

G. 8:10 Council Communications:

1. Councilor Reports
 - a. Mariana Valenzuela (LC, CDBGPAB)
 - b. Angel Falconer (HLB, JWC, CCEC, Chamber of Commerce)
 - c. Donna Gustafson (PAC, RWPCB, WCCCA)
 - d. Michael Marshall (CFC, P&R)
 - e. Karen Martinez (FGRFPD, SCC, FGSCC)
 - f. Brian Schimmel (CCE, EDC, TVHSC)
2. City Manager's Report
3. Mayor's Report (WCCC, R1ACT, MMC, WCC&MG, WCMG, MYAC)

H. 8:35 Adjournment

8:35 - EXECUTIVE SESSION

EXECUTIVE SESSIONS ARE CLOSED TO THE PUBLIC. No formal decisions or actions will be taken. Per ORS 192.660(4) representatives of the news media may not attend executive sessions on labor negotiations.

The City Council will convene to hold an executive session: ORS 192.660(2)(d) to conduct deliberations with persons designated by the governing body to carry on labor negotiations.

Americans with Disabilities Act (ADA) Notice: The City is committed to providing equal access to public meetings. Requests for accommodation can be submitted to the City Recorder at least 48 hours before the meeting at: mwoods@forestgrove-or.gov or 503-992-3235



Vision 2040: Council Action Plan

Jesse VanderZanden | City Manager

Kim Ezell | Assistant City Manager

February 23, 2026

City of Forest Grove

AGENDA

Vision 2040 Plan

Purpose

Background

Council Goalsetting

Past Goals

Council Priorities

VISION 2040 PLAN



The intent of the Council Action Plan is to identify priority Vision 2040 actions for staff to execute over the next three years.

PURPOSE

To define Council priorities for 2026 thru 2028 using Vision 2040, past goals, and Council Priorities as drivers of City action.

A Council-directed Action Plan:

- Clearly communicates priorities to the community
- Gives staff direction on resource allocation
- Defines what success looks like

BACKGROUND

December 1, 2025 – Council Retreat to identify Vision 2040 priorities.

December 8, 2025 – Council Work Session and recap of the Council Retreat where Council discussed that Vision 2040 Plan is a framework to accommodate modifications over time.

January 12, 2026 – Council discussed adding items not captured in Vision 2040 and Councilors were asked to submit items to staff to bring back in a future work session.

In past Council Goals – Council had identified 20-30 priority actions for staff to execute.

FRAMEWORK



Past Goals

Council
Priorities

2026-2028
Council Action Plan

Annual review
by Council

Staff Work Plan

Staff

Budget

Schedule

FRAMEWORK

February 2026
Council identifies priorities for Action Plan

Spring 2026
Action Plan guides mid-biennium adjustments

January 2027
Council reviews Action Plan and makes adjustments

Spring 2027
Action Plan guides resource allocation in Biennium budget

January 2028
Council reviews Action Plan and makes adjustments

Spring 2028
Action Plan guides mid-biennium adjustments

January 2029
Council creates and adopts 2029-2030 Action Plan

Council Goalsetting

During the Council retreat and subsequent work session, Council reached consensus on four Vision 2040 action items to prioritize.

Council Goalsetting

#	Goal Area: Economy	Status
1.3	Update the City's Economic Development Plan	Consensus
1.10	City incentive programs to support/retain small/local businesses	Consensus

#	Goal Area: Community Growth	Status
2.3	Educate landowners and/or small developers on new housing and ADU options	Consensus
2.12	Evaluate 2-way streets on Pacific and 19th to improve safety	Consensus

Past Goals

1
0

Staff has identified projects that are underway, were budgeted, and have been indicated as Council priorities. There are 20 Vision 2040 actions and two actions, unnamed in Vision 2040 and meet the criteria.

Question to consider – Is there Council consensus to add Staff recommended past priorities to the 2026-2028 Council Action Plan?

Past Goals

#	Goal Area: Economy
1.1	Conduct grocery store feasibility study

#	Goal Area: Community Growth
2.8	Update the City's Comprehensive Plan
2.10	Partner with ODOT to improve Highway 47 and TV Highway safety corridor
2.14	Continue to implement ADA improvements and compliance updates to City infrastructure
2.15	Conduct a fire station location needs analysis
2.17	Build a new police facility
2.20	Update the City's emergency preparedness plan in coordination with regional planning efforts
2.24	Continue redundancy expansion of the electric system at the transmission and substation level
2.28	Implement the East Forest Grove TV Highway Safety Improvement Plan
2.31	Update Yew Street intersection
2.33	Install Rose Grove midblock crossing

Past Goals

1
2

#	Goal Area: Community Growth (Continued)
2.34	Implement Mountainview Safe Routes to School
2.35	Improve Fern Hill and Maple intersection
2.37	Enhance and add wayfinding signage in downtown and along arterials

#	Goal Area: Healthy & Active Community
3.1	Update the City's Parks and Recreation Master Plan
3.2	Establish a recreation advisory committee with institutional partner representation
3.3	Explore options for a multi-use recreation/community facility (tied to 4.3)
3.4	Create a gathering space by developing Eastside Park
3.5	Work with Pacific University on updating Lincoln Park long-term use agreement

Past Goals

1
3

#	Goal Area: Community Connection
4.11	Update the City's communication plan
	Execute actions required by Sanctuary City ordinance 2025-04
	Complete deferred IT maintenance

Past Goals Discussion

1
4

Is there Council consensus to add staff recommended past priorities to the 2026-2028 Council Action Plan?

Council Priorities

At the December 8, 2025 Council Work Session, Councilors were invited to send staff any priorities they would like to have considered for the 2026-2028 Council Action Plan.

Council also discussed prioritizing four Vision 2040 actions at the December Council Retreat, but did not reach consensus.

Staff has summarized the items and identified how they are aligned with Vision 2040.

Question to consider – Is there consensus to add any Councilor submitted items to the 2026-2028 Council Action Plan?

Council Priorities

Councilor Submission	Vision 2040 Connection
Climate Action Plan	2040 Outcome: Resilient, efficient, and financially sustainable infrastructure
Vision Zero (expand and adopt ADA Transition Plan to fill bike/ped gaps, add marking/signage to crossings, etc)	2040 Outcome: Enhance walkability and community connectivity
15-minute complete neighborhoods	2.8 Comprehensive Plan
Urban Forest Program (tree inventory, expand street tree program, tree code)	
Bird Safe/ Dark Sky program	
CERT—community emergency preparedness	2.19 Expand volunteers for public safety
Public Plaza and potential permanent, year-round home for Farmers Market	4.2 Explore central community gathering place 4.5 Develop a festival street/pedestrian mall

Council Priorities

Councilor Submission	Vision 2040 Connection
Explore a Construction Excise Tax with revenue used to fund affordable housing	2.2 Expand opportunities for affordable housing development
Complete SDC rate study geared toward tiered rate schedule to lower cost for smaller units	2.2 Expand opportunities for affordable housing development
Review URA Building Improvement grants program and consider prioritizing increasing housing density (including conversions of underutilized existing commercial space to spur economic development)	Scheduled 4/13/2026
Add metrics for each Vision 2040 goal/strategy and create public-facing Vision 2040 dashboard on website	2040 Goal: Community Connection
Complete at least one pedestrian safety improvement from the East side Safety Improvement Plan.	2.28 Implement the East Forest Grove TV Highway Safety Improvement Plan
Create long-term budget projection and strategic plan	
Explore developing an Industrial zoned URA	1.4 Increase industrial business development

Council Priorities

Councilor Submission	Vision 2040 Connection
Grow the City’s internship programs	4.7 Establish civic engagement internships
Create an evaluation procedure for the city attorney.	
Explore hiring a state lobbying consultant.	
1.4 Increase industrial business development	From Vision 2040
1.13 Increase wayfinding signage for downtown parking	From Vision 2040
2.4 Develop policies and programs that allow for ADU flexibility	From Vision 2040
2.13 Identify and prioritize traffic safety improvements	From Vision 2040

Council Priorities Discussion

Is there consensus to add any Councilor submitted items to the 2026-2028 Council Action Plan?

PROCLAMATION

WHEREAS, International Women's Day is a global celebration recognizing the social, economic, cultural, and political achievements of women worldwide; it is a time to reflect on progress made, to call for change, and to honor acts of courage and determination by ordinary women who have played an extraordinary role in the history of their countries and communities; and

WHEREAS, International Women's Day is celebrated worldwide by those who champion gender equity and strive to improve the lives of cis and trans women and girls through cultural, legal, economic, and social progress; and

WHEREAS, people of marginalized genders experience many intersecting forms of oppression that impact their ability to thrive and to access: safety, employment, justice, health care, housing, education, and reproductive rights; and

WHEREAS, colonization and racialized violence are intrinsically connected to gender inequities experienced by Indigenous People, Black People, and People of Color; and

WHEREAS, International Women's Day 2026, under the theme, " Rights. Justice. Action. For ALL Women and Girls," marks a moment to amplify our collective determination, to show that no matter how deeply rooted the sexism or how discouraging the politics, we refuse to step back or abandon our cause; and

WHEREAS, the year, International Women's Day calls for action to dismantle the structural barriers to equal justice: discriminatory laws, weak legal protections, and harmful practices and social norms that erode the rights of women and girls.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOREST GROVE DOES HEREBY PROCLAIM THE MARCH 8, 2026, AS

International Women's Day

In Forest Grove, Oregon, and urges all residents to celebrate women's achievements, raise awareness against bias, and take action for equality.



IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Forest Grove, Oregon, to be affixed this 23rd day of February, 2026.

Malynda H Wenzl

Malynda H. Wenzl, Mayor, City of Forest Grove

PROCLAMACIÓN

CONSIDERANDO QUE, el Día Internacional de la Mujer es una celebración global que reconoce los logros sociales, económicos, culturales y políticos de las mujeres en todo el mundo; es un momento para reflexionar sobre los avances alcanzados, para hacer un llamado al cambio y para honrar los actos de valentía y determinación de mujeres comunes que han desempeñado un papel extraordinario en la historia de sus países y comunidades; y

CONSIDERANDO QUE, el Día Internacional de la Mujer se celebra en todo el mundo por quienes promueven la equidad de género y se esfuerzan por mejorar la vida de las mujeres y niñas cis y trans mediante el progreso cultural, legal, económico y social; y

CONSIDERANDO QUE, las personas de géneros marginados experimentan múltiples formas interrelacionadas de opresión que afectan su capacidad para prosperar y acceder a la seguridad, el empleo, la justicia, la atención médica, la vivienda, la educación y los derechos reproductivos; y

CONSIDERANDO QUE, la colonización y la violencia racializada están intrínsecamente vinculadas a las desigualdades de género que enfrentan los Pueblos Indígenas, las Personas Negras y las Personas de Color; y

CONSIDERANDO QUE, el Día Internacional de la Mujer 2026, bajo el lema “Derechos. Justicia. Acción. Para TODAS las Mujeres y Niñas”, marca un momento para amplificar nuestra determinación colectiva y demostrar que, sin importar cuán arraigado esté el sexismo o cuán desalentador sea el contexto político, nos negamos a retroceder o a abandonar nuestra causa; y

CONSIDERANDO QUE, este año el Día Internacional de la Mujer hace un llamado a la acción para dismantelar las barreras estructurales a la justicia igualitaria: leyes discriminatorias, protecciones legales débiles y prácticas y normas sociales perjudiciales que erosionan los derechos de las mujeres y las niñas.

AHORA, POR LO TANTO, EL AYUNTAMIENTO DE LA CIUDAD DE FOREST GROVE PROCLAMA POR LA PRESENTE EL 8 DE MARZO DE 2026 COMO

Día Internacional de la Mujer

en Forest Grove, Oregon, e insta a todas las personas residentes a celebrar los logros de las mujeres, crear conciencia contra los prejuicios y actuar en favor de la igualdad.



EN TESTIMONIO DE LO CUAL, He suscrito la presente y he hecho que el sello de la Ciudad de Forest Grove, Oregon, se emplace en este día 23 febrero de 2026.

Malynda H Wenzl

Malynda H. Wenzl, Alcaldesa de la Ciudad de Forest Grove

Mariah Woods

From: noreply@civicplus.com
Sent: Monday, February 09, 2026 3:14 PM
To: City Councilors
Subject: Online Form Submittal: Contact City Council

Contact City Council

First Name	Gary
Last Name	Hewitt
City	Forest Grove
State	OR
Zip	97116
Email	[REDACTED]
Whom would you like to contact?	Entire Forest Grove City Council (Includes Mayor Wenzl)
Would you like a response?	Yes
Would you like your comment included in the next available Council packet as Public Comment?	Yes
Question / Comment	<p>Last year we had a modular home in our neighborhood being rented by people who have ignored many city codes. The reason I bring this forward to you is that it took almost two-years to get compliance with the City Codes. There was noncompliance, such as outside storage in view of the public, junk and unlicensed and inoperable vehicles on and off the property, vehicles blocking the sidewalk and putrescible waste in overflowing garbage receptacles.</p> <p>I am writing from my perspective with experience as a Code Enforcement person, now retired from the Planning Division, Clackamas County. I was dismayed when I first lodged my complaint, now over two-years ago. The code enforcement officer did not know the City Codes, Fire Codes and Building</p>

Codes. When I pointed out various violations I used to work with, I received arguments from code enforcement and the City Manager. The City Manager was basically interrogating me at a meeting with Chief Reimann about my issues. He was not very pleasant to deal with, like, why am I bothering 'Him' and the city with this trivial issue? Chief Reimann was the most honest and helpful with me, stating that Code Enforcement Officer Lorenz was new in the position and hadn't really had the necessary training yet.

I have many photos of this location from last year. I took some more recently and can show you how it looked then and how it continues to look the same. After Chief Reimann was made aware of the neighborhood concern and got involved, things started to improve. The place was cleaned up better than it had ever been. Prior to that the neighbors in the area were fearful of one of the tenants, and some of the rough looking men who visited the property. Now, here we go again!

I told the Code Enforcement officer, Chief Reimann and the City Manager that if it happened again and no one from the city seemed to care, I would definitely contact the City Council. I understand I am just one person but I want you to know what it has been like for me to deal with the city when the personnel has not followed their own city codes.

I hope by making you aware of this situation, I might find myself working from now on with city personnel who are as concerned about our city as I am.

Email not displaying correctly? [View it in your browser.](#)



Mariah Woods

From: Dale Feik [REDACTED]
Sent: Tuesday, February 10, 2026 3:25 AM
To: 'Kathryn Harrington'; 'Nafisa Fai'; 'Pam Treece'; 'Jerry Willey'; 'Jason Snider'
Cc: 'Tanya Ange'; 'Anh Le'; 'Amber Ames'; 'Washington County Administrative Office'; 'Beach Pace'; jeffrey.dalin@corneliusor.gov; 'Rick Shanley'; 'Lacey Mayor Beaty'; cityrecorder@beavertonoregon.gov; rachael.bateman@corneliusor.gov; Alex_Barnett@washingtoncountyor.gov; City Councilors; lauren.bishop@valleytimes.news; 'Laura Gunderson'
Subject: Super Bowl, Bad Bunny, we are America, Black History Month celebration for United States
Attachments: Super Bowl Bad Bunny We are America, Black History Month celebration for United States.docx

To: Kathryn Harrington, Chair of Washington County Commission and Commissioners, Jerry Willey, Pam Treece, Nafisa Fai, Jason Snider (public comment for Feb 10, 2026)

Cc: Malynda Wenzl, Mayor of Forest Grove, and City Councilors
Cc: Beach Pace, Mayor of Hillsboro, and City Councilors
Cc: Lacey Beaty, Mayor of Beaverton, and City Councilors
Cc: Jeffery Dalin, Mayor of Cornelius, and City Councilors

Re: Super Bowl, Bad Bunny, we are America, Black History Month celebration for United States

After listening to the proclamations of Black History Month in Forest Grove Feb. 9, 2026 read in English by Mayor Malynda Wenzl and in Spanish by City Councilor President Mariana Valenzuela; and listening to a Black History Proclamation being read at the Washington County Commission meeting Feb. 3, 2026, in parts by all of the Washington County Commissioners, I am asking that all of you read the attachment titled 'Super Bowl, Bad Bunny, we are America, Black History Month Celebration for the United States' written by Heather Cox Richardson in her letters from an American.

Heather Cox Richardson's letter begins with:

"Last night's thirteen-minute Super Bowl half-time show featuring Bad Bunny had more watchers than any other halftime show in history: an estimated 135 million watched live, while millions more have streamed it since. Rapper, singer, and record producer Bad Bunny, whose given name is Benito Antonio Martínez Ocasio, is from Puerto Rico, and rocketed to prominence with the release of his first hit single on January 25, 2016. On February 1, 2026, just a week before the halftime show, Bad Bunny made history by being the first artist to win Album of the Year at the Grammys for an album recorded in Spanish.

Right-wing critics complained about the NFL's invitation for Bad Bunny to do the halftime show, saying he was "not an American artist."

In fact, people born in Puerto Rico are American citizens. But Puerto Rico has an odd relationship with the United States government, a relationship born of the combination of late-nineteenth-century economics and U.S. racism.

In the 1880s, large companies in various industries gobbled up their competitors to create giant "trusts" that monopolized their sector of the economy. The most powerful trust in the United States was the Sugar Trust, officially known as the American Sugar Refining Company, which by 1895 controlled about 95% of the U.S. sugar market. Thanks

to pressure from the Sugar Trust, in 1890, Congress passed the McKinley Tariff, which ended sugar tariffs and tried to increase domestic production by offering a bounty on domestic sugar....”

Heather Cox Richardson’s letter ends with:

“He ended by shouting “God Bless America” in English, echoing the United States mantra in an answer to right-wing critics. And then he rejected the idea animating the current U.S. administration’s deportation of Black and Brown people with the claim they are not Americans and their culture will undermine American culture.

After saying “God Bless America, Bad Bunny listed in Spanish: “Chile, Argentina, Uruguay, Paraguay, Bolivia, Peru, Ecuador, Brazil, Colombia, Venezuela, Guyana, Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Mexico, Cuba, Dominican Republic, Jamaica, Haiti, Antilles, United States—not Estados Unidos—Canada, and Puerto Rico.”

“Together,” the football he carried said, “we are America.””

Proud to support Black (Brown) History Month,

Dale Feik, Ed.D.



Chair of Washington County Citizen Action Network (WC CAN)- <http://www.wc-can.org/>

"Justice and freedom; discussion and criticism; intelligence and character--these are the indispensable ingredients of the democratic state. We can be rich and powerful without them but not for long." - Robert M. Hutchins

Cc: Tanya Ange, WCounty Administrator
Kevin Moss, WCounty Clerk
Alex Barnett, WCounty General Counsel
Amber Ames, Hillsboro City Council
Mariah Woods, Recorder, Forest Grove City Council
City Recorder, Beaverton City Council
Rachael Bateman, Cornelius City Recorder
Rick Shanley, Clean Water Services Interim Chief Executive and General Manager
Anh Le, Clean Water Services, Executive Management Analyst to the CEO/General Manager
Directors
Lauren Bishop, Carpenter Papers, The NewsTimes
Laura Gunderson, The Oregonian

Attachment: Super Bown, Bad Bunny, we are America, Black History Month celebration for the United States

Mariah Woods

From: noreply@civicplus.com
Sent: Tuesday, February 10, 2026 11:52 PM
To: City Councilors
Subject: Online Form Submittal: Contact City Council

Contact City Council

First Name	Paul
Last Name	Johnson
City	Cornelius
State	OR
Zip	97113-6000
Email	[REDACTED]
Whom would you like to contact?	Entire Forest Grove City Council (Includes Mayor Wenzl)
Would you like a response?	Yes
Would you like your comment included in the next available Council packet as Public Comment?	Yes
Question / Comment	I would like to forward an email I received to the Council concerning water fluoridation. I am a graduate of Pacific University class of 1970 and have lived in Washington County since 1966. My areas of study included physics, chemistry and electronics. I have followed official and unofficial statements and articles about fluoridation for decades from people with strong backgrounds in both organic and inorganic chemistry not tied to special interests. Fluoride is toxic. It is not an essential nutrient in diet. The concentration allowed in drinking water is enough to kill many forms of aquatic life including food game fish depend on. The affect on reducing IQ of children has been well documented. Now we have data that shows impact on adult brains as well. Does the city want to be known for poisoning its residents? I have nothing against fluoride

treatment that only makes contact with teeth but no one should be ingesting this poison by drinking it. I would suggest the Council seriously consider ending fluoridation.

Email not displaying correctly? [View it in your browser.](#)



Mariah Woods

From: Dale Feik [REDACTED]
Sent: Wednesday, February 11, 2026 5:17 PM
To: 'Kathryn Harrington'; 'Nafisa Fai'; 'Pam Treece'; 'Jerry Willey'; 'Jason Snider'
Cc: 'Tanya Ange'; 'Anh Le'; 'Amber Ames'; 'Washington County Administrative Office'; 'Beach Pace'; jeffrey.dalin@corneliusor.gov; 'Rick Shanley'; 'Lacey Mayor Beaty'; cityrecorder@beavertonoregon.gov; rachael.bateman@corneliusor.gov; Alex_Barnett@washingtoncountyor.gov; City Councilors
Subject: FLOCK SECURITY CAMERAS, Sheriff Massey's presentation to the WC BOC, transcript and link to presentation
Attachments: FLOCK CAMERAS, Follow up by Sheriff Caprice Massey, use of Flock with Organized Retail Theft Task Force W County Work session Feb 10 2026.docx

To: Kathryn Harrington, Chair of Washington County Commission and Commissioners, Jerry Willey, Pam Treece, Nafisa Fai, Jason Snider

Cc: Malynda Wenzl, Mayor of Forest Grove, and City Councilors
Cc: Beach Pace, Mayor of Hillsboro, and City Councilors
Cc: Lacey Beaty, Mayor of Beaverton, and City Councilors
Cc: Jeffery Dalin, Mayor of Cornelius, and City Councilors

Re: FLOCK SECURITY CAMERAS, Sheriff Massey's presentation to the WC BOC, transcript and link to presentation

I recorded and transcribed Sheriff Caprice Massey's presentation to the Washington County Board of Commissioners (WC BOC) Tuesday Feb 10, 2026, at 1:00 pm at the County Public Service Building in Hillsboro.

Open the attachment titled: FLOCK CAMERAS, follow up by Sheriff Caprice Massey's Feb 10 presentation to WC BOC work session. Included is the link so that you can watch it and view the slides she used.

I am glad that Sheriff Massey is our sheriff and provides oversight to the Sheriff department; I will support her in the next election. Please become informed by reading the transcript and watching the recording of her presentation .

Dale Feik, Ed.D.
[REDACTED]

Chair of Washington County Citizen Action Network (WC CAN)- <http://www.wc-can.org/>

"Justice and freedom; discussion and criticism; intelligence and character--these are the indispensable ingredients of the democratic state. We can be rich and powerful without them but not for long." -Robert M. Hutchins

Cc: Tanya Ange, WCounty Administrator
Kevin Moss, WCounty Clerk
Alex Barnett, WCounty General Counsel
Amber Ames, Hillsboro City Council
Mariah Woods, Recorder, Forest Grove City Council
City Recorder, Beaverton City Council

Rachael Bateman, Cornelius City Recorder
Rick Shanley, Clean Water Services Interim Chief Executive and General Manager
Anh Le, Clean Water Services, Executive Management Analyst to the CEO/General Manager
Directors

Attachment: FLOCK CAMERAS, Follow up by Sheriff Caprice Massey, use of Flock with Organized Retail Theft Task Force W County Work Session Feb 10, 2026.docx

Mariah Woods

From: Dale Feik [REDACTED]
Sent: Sunday, February 15, 2026 7:19 AM
To: 'Kathryn Harrington'; 'Nafisa Fai'; 'Pam Treece'; 'Jerry Willey'; 'Jason Snider'
Cc: 'Tanya Ange'; 'Anh Le'; 'Amber Ames'; 'Washington County Administrative Office'; 'Beach Pace'; jeffrey.dalin@corneliusor.gov; 'Rick Shanley'; 'Lacey Mayor Beaty'; cityrecorder@beavertonoregon.gov; rachael.bateman@corneliusor.gov; Alex_Barnett@washingtoncountyor.gov; City Councilors; lauren.bishop@valleytimes.news; 'Laura Gunderson'
Subject: DHS will run out of funding but still get money from , FEMA, TAS, and Coast Guard as of Feb 14, 2026 by Heather Cox Richardson
Attachments: DHS will run out of funding but still get money from FEMA TSA and Coast Guard as of Feb 14 2026 Heather Cox Richardson.docx; My Father and the bullies Hitler McCarthy and Trump by Robert Reich Feb 15 2026.docx

Subject: DSH will run out of funding by still get money from FEMA, TSA, and Coast Guard as of Feb 14, 2026, by Heather Cox Richardson, Letters from an American

To: Kathryn Harrington, Chair of Washington County Commission and Commissioners, Jerry Willey, Pam Treece, Nafisa Fai, Jason Snider (Public comment for Feb 17, 2026)

Cc: Malynda Wenzl, Mayor of Forest Grove, and City Councilors

Cc: Beach Pace, Mayor of Hillsboro, and City Councilors

Cc: Lacey Beaty, Mayor of Beaverton, and City Councilors

Cc: Jeffery Dalin, Mayor of Cornelius, and City Councilors

All of you elected leaders and administrators need to work together to counter what the Trump regime is doing as described by Heather Cox Richardson in her Feb. 14th, Letter from an American. Please read the following excerpts from her full letter, which is attached, titled:

'DSA will run out of funding but still get money from FEMA, TSA, and Coast Guard as of Feb 14, 2026, by Heather Cox Richardson.docx', a Letter from an American

"At midnight tonight (Feb. 14, 2026), most of the agencies and services in the Department of Homeland Security (DHS) will run out of funding, as popular fury over the violence and lawlessness of federal agents from Immigration and Customs Enforcement (ICE) and the U.S. Border Patrol made Senate Democrats refuse to agree to fund DHS without reforms. And yet, because the Republicans lavished money on ICE and Border Patrol in their July 2025 budget reconciliation bill—the one they call the One Big Beautiful Bill Act—those agencies will continue to operate. The 260,000 federal employees affected by the partial shutdown will come from other agencies in DHS, including the Federal Emergency Management Agency (FEMA), the Transportation Security Agency (TSA), and the Coast Guard."

"Those demands are pretty straightforward. The Democrats want federal agents to enter private homes only with a judicial warrant (as was policy until the administration produced a secret memo saying that DHS officials themselves could sign off on raids, a decision that runs afoul of legal interpretations of the Fourth Amendment). They want agents to stop wearing masks and to have their names, agencies, and unique ID numbers visible on their uniforms, as law enforcement officers do. They want an end to racial profiling—that is, agents detaining individuals on the basis of their skin color, place of employment, or language—and to raids of so-called sensitive sites: medical facilities, schools, childcare facilities, churches, polling places, and courts."

“They want agents to be required to have a reasonable policy for use of force and to be removed during an investigation if they violate it. They want federal agents to coordinate with local and state governments and for those governments to have jurisdiction over federal agents who break the law. They want DHS detention facilities to have the same standards as any detention facility and for detainees to have access to their lawyers. They want states to be able to sue if those conditions are not met, and they want Congress members to have unscheduled access to the centers to oversee them.”

“They want body cameras to be used for accountability but prohibited for gathering and storing information about protesters. And they want federal agents to have standardized uniforms like those of regular law enforcement, not paramilitaries.”

“As Schumer and Jeffries wrote, these are commonsense measures that protect Americans’ constitutional rights and ensure responsible law enforcement, and should apply to all federal activity even without Democrats demanding them. Democrats said White House offers were insufficient to address their concerns, although the White House did not make its position public. Before they left Washington yesterday for a ten-day break, senators refused to fund DHS in its current state.”

“Before the vote, administration officials appeared to try to soften the image of the federal agents who have terrorized Americans, arrested citizens and legal immigrants as well as undocumented immigrants, and shot people. Trump’s immigration advisor Tom Homan, who took over in Minneapolis after Border Patrol agents acting under the leadership of then-commander Greg Bovino shot and killed a second American citizen in that city, told reporters yesterday that that administration will end its surge of federal agents into Minneapolis, saying it had achieved “successful results” including 4,000 people arrested. Agents will remain in the city, he said, but the surge of thousands of agents will end. Torey Van Oot of Axios adds that more than a dozen federal prosecutors resigned after the Department of Justice declined to investigate the killings of Renee Good and Alex Pretti, and support for Trump’s handling of deportations cratered as Americans saw children tear-gassed and citizens shot.”

“Acting director of ICE Todd Lyons told the House Homeland Security Committee on Tuesday that the agency is training agents adequately before they go into the field and that once there, they are properly enforcing U.S. immigration laws. “And,” he added, “we are only getting started.” ...”

“... Camilo Montoya-Galvez of CBS News reported this week that documents from DHS itself show that fewer than 14% of the nearly 400,000 immigrants arrested in Trump’s first year had either convictions or charges for violent crimes, with fewer than 2% either charged with or convicted of homicide or sexual assault...”

“...that ICE officials are planning to spend \$38.3 billion to buy warehouses across the country. ICE will retrofit sixteen of them to become processing centers that can hold 1,000 to 1,500 detainees at a time before funneling them into eight megacenters that can hold up to 10,000 detainees each...”

“...Representative Jamie Raskin (D-MD) made an unannounced oversight visit to the ICE field facility in Baltimore, Maryland, yesterday. He saw “60 men packed into a room shoulder-to-shoulder, 24-hours-a-day, with a single toilet in the room and no shower facilities. They sleep like sardines with aluminum foil blankets.” ...”

“...And so Trump clearly thinks he must take matters into his own hands. Although the Constitution is quite clear that it is Congress, and Congress alone, that can make laws, today his social media account announced he intends to change the nation’s voting laws all by himself. The account posted: “The Democrats refuse to vote for Voter I.D., or Citizenship. The reason is very simple—They want to continue to cheat in Elections. This was not what our Founders desired. I have searched the depths of Legal Arguments not yet articulated or vetted on this subject, and will be presenting an irrefutable one in the very near future. There will be Voter I.D. for the Midterm Elections, whether approved by Congress or not! Also, the People of our Country are insisting on Citizenship, and No Mail-In Ballots, with exceptions for Military, Disability, Illness, or Travel. Thank you for your attention to this matter! PRESIDENT DONALD J. TRUMP”...

"...Today, ICE protesters carried a giant U.S. Constitution through the streets of Minneapolis, demanding that federal agents honor the rights the Framers established with that foundational document."

Also please read Robert Reich's attached document titled **'My Father and the bullies, Hitler, McCarthy and Trump by Robert Reich Feb. 15, 2026.docx.'**

Reich starts with:

"My father died 10 years ago today. I still miss him."

"Ed Reich was a good man. He was a loving husband and father. He was loyal and kind to his friends. He worked hard, six days a week. He contributed to his community."

"Ed Reich would have loathed Donald Trump."

"That's not because my father was a liberal Democrat. In fact, for most of his life he was a Republican. He began voting Republican in 1936. The first time he cast a vote for someone who became president was in 1952 when he voted for Dwight Eisenhower. He didn't give up on the Republican Party until it nominated Richard Nixon in 1968."

"But my father hated bullies. He fought in World War II against Hitler..."

And Reich's ends it with:

"My father was proud of America, and he lived a long and good life. Were he alive today, he'd be 112."

"If he witnessed America's growing resistance to the bully-in-chief, he'd be proud of all of you who continue to fight against the squalor of Trump and the scourge of his regime."

My dad was 111 years old on Feb. 12, 2026, and he and my mom would agree with Reich as I do.

Dale Feik, Ed.D.



Chair of Washington County Citizen Action Network (WC CAN)- <http://www.wc-can.org/>

"Justice and freedom; discussion and criticism; intelligence and character--these are the indispensable ingredients of the democratic state. We can be rich and powerful without them but not for long." -Robert M. Hutchins

Cc: Tanya Ange, WCounty Administrator
Kevin Moss, WCounty Clerk
Alex Barnett, WCounty General Counsel
Amber Ames, Hillsboro City Council
Mariah Woods, Recorder, Forest Grove City Council
City Recorder, Beaverton City Council
Rachael Bateman, Cornelius City Recorder
Laura Gunderson, The Oregonian
Lauren Bishop, The NewsTimes (Carpenter Papers)

Attachments:

1. DHS will run out of funding but still get money from FEMA, TSA, and Coast Guard as of Feb 14, 2026, Heather Cox Richardson.docx
2. My Father and the bullies Hitler, McCarthy, and Trump by Robert Reich, Feb 15, 2026.docx



**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025**

CITY OF FOREST GROVE
OFFICERS AND MEMBERS OF THE GOVERNING BODY

MAYOR

Malynda Wenzl, term expires 11/26

CITY COUNCIL

Donna Gustafson, term expires 11/29

Michael Marshall, term expires 11/26

Karen Martinez, term expires 11/26

Angel Falconer, term expires 11/29

Brian Schimmel, term expires 11/29

Mariana Valenzuela, term expires 11/26

The Mayor and Councilors receive mail at the City address

CITY MANAGER

Jesse VanderZanden

CITY ADDRESS

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

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Forest Grove

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 City of Forest Grove, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Forest Grove, as of June 30, 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.

We did not audit the financial statements of the Joint Water Commission and Barney Reservoir Joint Ownership Commission, which represents 32% and 5% of the assets respectively, and 11% and 1% of the revenues, respectively, as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the City is based on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Forest Grove and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The City adopted new accounting guidance, *GASB Statement No. 101 – Compensated Absences* during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 19, 2025 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenny Allen, CPA
Municipal Auditor
CLEAR TRAIL CPAs, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$182.4 million on June 30, 2025. Of this amount, \$19.3 million is reported as unrestricted net position which may be used to meet the City's obligations.
- During the year, the City's net position increased by \$6.2 million in governmental activities and increased by \$13.2 million in business-type activities for a total increase of \$19.4 million.
- The General Fund reported an ending fund balance on June 30, 2025, of \$10,257,254 which is an increase of \$826,861 from the prior fiscal year. Ending fund balance on June 30, 2025, was 38.5% of the General Fund expenditures for the fiscal year ending June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Statements

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

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

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

Fund Financial Statements

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

The City has the following types of funds:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

NET POSITION – As of JUNE 30, 2025 and 2024
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 52,234	\$ 44,983	\$ 63,107	\$ 57,096	\$ 115,341	\$ 102,079
Capital assets, net	53,358	50,157	67,301	60,794	120,659	110,951
Total assets	105,592	95,140	130,408	117,890	236,000	213,030
DEFERRED OUTFLOWS OF RESOURCES						
Refunded debt charges	-	-	-	-	-	-
Pension related items	3,482	4,782	1,304	1,770	4,786	6,552
OPEB Items	1,212	173	373	58	1,585	231
Total Deferred Outflows of Resources	4,694	4,955	1,677	1,828	6,371	6,783
LIABILITIES						
Current and other liabilities	4,510	4,084	3,852	3,882	8,362	7,966
Long-term obligations	33,395	32,160	13,955	15,631	47,350	47,791
Total liabilities	37,905	36,244	17,807	19,513	55,712	55,757
DEFERRED INFLOW OF RESOURCES						
Pension related items	2,242	112	839	41	3,081	153
OPEB Items	838	652	258	220	1,096	872
Total Deferred Inflows of Resources	3,080	764	1,097	261	4,177	1,025
NET POSITION						
Net investment in capital assets	53,261	49,979	66,646	60,091	119,907	110,070
Restricted	29,573	25,017	13,640	12,028	43,213	37,045
Unrestricted	(13,533)	(11,909)	32,895	27,825	19,362	15,916
Total net position	\$ 69,301	\$ 63,087	\$ 113,181	\$ 99,944	\$ 182,482	\$ 163,031

Total governmental assets are up about \$10.4 million or 11.0% from the previous fiscal year. Cash and investments increased by \$6.8 million. Street and sidewalk infrastructure projects as well as building Improvements to Aquatics Center, Library and Parks completed in 2025 represented a portion of the increase with funds received from Parks and transportation system development charges again representing a portion of the increase. Other smaller increases in many of the funds contributed to the increase.

Business-type capital assets represent 51.6% of the total business-type assets and increased by \$6.5 million from the prior year. Business-Type Activities current and other assets increased by \$6.0 million from the prior year. Most of that increase is due to an increase in capital assets, increase in water and sewer system development charges collected, increased timber harvest net revenue, and increased capital contributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

STATEMENT OF ACTIVITIES for FISCAL YEARS ENDING JUNE 30, 2025 and 2024

(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES:						
Program revenues:						
Charges for services	\$ 12,652	\$ 9,312	\$ 38,273	\$ 34,225	\$ 50,925	\$ 43,537
Operating grants	5,347	5,622	677	-	6,024	5,622
Capital grants	1,624	2,296	8,884	(286)	10,508	2,010
General revenues:						
Taxes	15,425	14,824	-	-	15,425	14,824
Other	3,670	3,143	8,251	4,779	11,921	7,922
Total revenues	38,718	35,197	56,085	38,718	94,803	73,915
EXPENSES:						
General government	9,284	13,924	-	-	9,284	13,924
Public safety	15,444	15,967	-	-	15,444	15,967
Highways and streets	2,824	2,905	-	-	2,824	2,905
Culture and recreation	4,796	5,031	-	-	4,796	5,031
Power services	-	-	30,699	22,791	30,699	22,791
Sewer services	-	-	2,060	1,782	2,060	1,782
Water services	-	-	5,863	5,662	5,863	5,662
Surface water management	-	-	1,627	1,534	1,627	1,534
Interest on long-term debt	125	14	-	-	125	14
Total expenses	32,473	37,841	40,249	31,769	72,722	69,610
Change in net position before transfers	6,245	(2,644)	15,836	6,949	22,081	4,305
Transfers	2,026	1,883	(2,026)	(1,883)	-	-
Change in net position	8,271	(761)	13,810	5,066	22,081	4,305
Net position at beginning of year	63,086	63,846	99,946	94,880	163,032	158,726
Prior period adjustment	(2,056)	-	(575)	-	(2,631)	-
Net position at end of year	\$ 69,301	\$ 63,085	\$ 113,181	\$ 99,946	\$ 182,482	\$ 163,031

The City's total revenues were \$94.8 million which is an increase of 28.3% from 2024. The major sources of revenues are business-type activity charges for services and governmental activities taxes, which account for 40.4% and 16.3% of total revenues, respectively. The total cost of all programs was \$72.7 million which is a 4.5% increase from 2024. Net position increased by \$19.4 million or 11.9% from 2024 indicating an increase in the City's overall financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental fund balances totaled \$45,434,931 on June 30, 2025, for an increase of \$7,275,195. Proprietary net position totaled \$113,061,411 on June 30, 2025, for an overall increase of \$13,117,251. The principal reasons for the changes are explained in the preceding sections. A summary of changes in governmental and proprietary fund balances is as follows:

CHANGE IN GOVERNMENTAL FUND BALANCES

<u>Fund</u>	Balance at June 30, 2025	Balance at June 30, 2024	Change
General	\$ 10,257,254	\$ 9,430,393	\$ 826,861
Street	3,807,140	3,476,306	330,834
Urban Renewal Agency	4,277,277	642,060	3,635,217
American Rescue Plan	-	1,486,235	(1,486,235)
Transportation Development Tax	14,034,693	12,939,486	1,095,207
Non-major governmental	13,058,567	10,185,256	2,873,311
Totals	<u>\$ 45,434,931</u>	<u>\$ 38,159,736</u>	<u>\$ 7,275,195</u>

CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	Balance at June 30, 2025	Balance at June 30, 2024	Change
Light	\$ 33,690,687	\$ 29,954,849	\$ 3,735,838
Sewer	18,478,421	16,438,524	2,039,897
Water	49,202,128	43,880,923	5,321,205
Surface Water Management	11,809,335	9,669,864	2,139,471
Totals	<u>\$ 113,180,571</u>	<u>\$ 99,944,160</u>	<u>\$ 13,236,411</u>

City Fund's Highlights

The fund balance in the General Fund increased by \$826,861 which is more than the amount expected according to the adopted budget for the fiscal year ending June 30, 2025. Revenues from reimbursements, recreation fees, interest, grants, engineering and planning fees were higher than expected. Expenditures, particularly public safety personnel costs due to vacancies, were lower than anticipated. Other significant changes in governmental fund balances were due to American Rescue Plan funds being expended, the Urban Renewal Agency receiving bond proceeds, the Transportation Development Tax fund receiving an increase in permit revenue and an increase in permit revenue overall.

The overall increase in proprietary net position is due to revenue from system development charges in the proprietary funds and revenue from user rates being held for future capital purchases.

CAPITAL ASSETS

On June 30, 2025, the City had \$120,561,892 invested in a broad range of capital assets, including land, buildings, equipment, utility systems, and intangible water rights. The City's capital assets, net of accumulated depreciation increased by \$10,492,506. More detailed information about the City's capital assets is presented in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

LONG TERM DEBT

On June 30, 2025, the City had \$3,777,944 in outstanding notes and contracts payable. The City had \$4,250,000 in outstanding bonds payable. The City has had no change in its credit rating of Aa3 from Moody's. Moody's last credit review was of the June 30, 2017, financial statements. More detailed information about the City's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Factors considered in preparing the City's General Fund budget for the biennial 2025-27 fiscal year were, but not limited to the following:

- Forest Grove's assessed value was projected to grow by 4.5% for each year, reaching \$2.46 billion in FY 2025-26 and \$2.57 billion in FY 2026-27, following a 4.9% increase in FY 2024-25. Property tax revenue, which is allocated entirely to the General Fund, is projected to account for 49.1% of operating revenue in the biennial budget. The City prepared its first biennial budget for the period of July 1, 2025, through June 30, 2027.
- The City submitted a five-year replacement levy of \$1.95 per \$1,000 of assessed value to the voters which they approved. The increased rate will commence on July 1, 2023, and should allow the City to increase services in public safety, library, and parks and recreation. The City will be evaluating actual cost increases versus the projected costs increases for the levy to determine what additional services can be offered.
- The cost of the City's own Defined Benefit Retirement Plan (DB Plan) has leveled off after many years of increases due to changing actuarial assumptions used to calculate contributions. The City has set its assumed rate of return to 5.25% and has implemented other changes in actuarial assumptions. The rates are expected to remain stable over the biennium. The City has also reserved \$900,000 in the General Fund's Fund Balance to help smooth the effect of contribution increases to the General Fund due to potential lower investment performance.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF FOREST GROVE
STATEMENT OF NET POSITION
June 30, 2025

	Governmental	Business-type	
	Activities	Activities	Totals
Assets			
Cash and cash equivalents	\$ 20,828,063	\$ 21,174,638	\$ 42,002,701
Investments	29,653,506	30,034,775	59,688,281
Accrued interest receivable	231,106	224,723	455,829
Receivables, net	1,338,046	4,651,144	5,989,190
Inventory	-	1,588,040	1,588,040
Prepaid items	183,143	3,694	186,837
Investment in joint ventures	-	5,429,988	5,429,988
Subscription asset, net	96,795	-	96,795
Capital assets:			
Land and construction in progress	9,629,349	4,289,758	13,919,107
Other capital assets, net	43,631,751	63,011,034	106,642,785
Total assets	105,591,759	130,407,794	235,999,553
Deferred outflows of resources			
Pension related items	3,481,873	1,303,861	4,785,734
Other postemployment benefit related items	1,211,974	372,810	1,584,784
Total deferred outflows of resources	4,693,847	1,676,671	6,370,518
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	1,646,813	2,501,677	4,148,490
Accrued interest payable	-	19,795	19,795
Accrued compensated absences	2,244,494	757,849	3,002,343
Deposits	247,953	58,906	306,859
Subscription liabilities	46,271	-	46,271
Long-term obligations due within one year	325,000	513,013	838,013
Total current liabilities	4,510,531	3,851,240	8,361,771
Noncurrent liabilities			
Subscription liability	16,584	-	16,584
Accrued compensated absences	1,300,024	282,825	1,582,849
Proportionate share of net pension liability	26,139,411	9,788,462	35,927,873
OPEB liability	2,013,625	619,406	2,633,031
Notes payable	-	3,264,931	3,264,931
Bond payable	3,925,000	-	3,925,000
Total liabilities	37,905,175	17,806,864	55,712,039
Deferred inflows of resources			
Pension related items	2,241,508	839,382	3,080,890
Other postemployment benefit related items	837,587	257,648	1,095,235
Total deferred inflows of resources	3,079,095	1,097,030	4,176,125
Net position			
Net investment in capital assets	53,261,100	66,645,507	119,906,607
Restricted for:			
Highways and streets	3,807,140	-	3,807,140
Building operations	5,677,517	-	5,677,517
Community enhancement	75,119	-	75,119
Tourism	171,881	-	171,881
Capital projects	19,782,353	13,639,645	33,421,998
Other	59,643	-	59,643
Unrestricted	(13,533,417)	32,895,419	19,362,002
Total net position	\$ 69,301,336	\$ 113,180,571	\$ 182,481,907

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 9,284,464	\$ 9,921,637	\$ 119,433	\$ -	\$ 756,606		\$ 756,606
Public safety	15,444,464	407,720	1,263,413	-	(13,773,331)		(13,773,331)
Highways and streets	2,823,663	289,683	2,920,845	1,624,154	2,011,019		2,011,019
Culture and recreation	4,795,965	2,032,962	1,043,541	-	(1,719,462)		(1,719,462)
Interest	124,957	-	-	-	(124,957)		(124,957)
Total governmental activities	<u>32,473,513</u>	<u>12,652,002</u>	<u>5,347,232</u>	<u>1,624,154</u>	<u>(12,850,125)</u>		<u>(12,850,125)</u>
Business-type activities							
Light	30,698,217	26,254,610	676,722	2,566,859		(1,200,026)	(1,200,026)
Sewer	2,059,802	2,072,884	-	1,734,537		1,747,619	1,747,619
Water	5,863,086	8,202,070	-	2,619,346		4,958,330	4,958,330
Stormwater	1,627,430	1,743,401	-	1,963,244		2,079,215	2,079,215
Total business-type activities	<u>40,248,535</u>	<u>38,272,965</u>	<u>676,722</u>	<u>8,883,986</u>		<u>7,585,138</u>	<u>7,585,138</u>
Totals	\$ 72,722,048	\$ 50,924,967	\$ 6,023,954	\$ 10,508,140	(12,850,125)	7,585,138	(5,264,987)
General revenues:							
Property taxes levied for:							
General purposes				13,315,121	-		13,315,121
Specific purposes				895,820	-		895,820
Franchise fees				743,149	-		743,149
Transient room tax				278,566	-		278,566
Marijuana tax				192,458	-		192,458
Grants and contributions not restricted to specific programs				820,332	-		820,332
Unrestricted investment earnings				2,449,753	2,390,870		4,840,623
Miscellaneous				399,939	6,287,483		6,687,422
(Loss) on investment in joint venture				-	(427,206)		(427,206)
Transfers				<u>2,025,877</u>	<u>(2,025,877)</u>		<u>-</u>
Total general revenues and transfers				<u>21,121,015</u>	<u>6,225,270</u>		<u>27,346,285</u>
Change in net position				8,270,890	13,810,408		22,081,298
Net position at beginning of year				<u>63,086,222</u>	<u>99,944,160</u>		<u>163,030,382</u>
Restatement of net position				<u>(2,055,776)</u>	<u>(573,997)</u>		<u>(2,629,773)</u>
Net position at end of year				\$ 69,301,336	\$ 113,180,571		\$ 182,481,907

See notes to financial statements

CITY OF FOREST GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Street	Urban Renewal	American Rescue Plan	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 4,382,992	\$ 1,588,546	\$ 1,754,966	-	\$ 5,806,789	\$ 5,383,262	\$ 18,916,555
Investments	6,247,906	2,265,289	2,502,606	-	8,280,563	7,631,305	26,927,669
Accrued interest receivable	46,834	16,981	18,760	-	61,688	66,524	210,787
Receivables	1,111,352	65,437	14,052	-	-	147,205	1,338,046
Prepaid items	162,698	-	665	-	-	-	163,363
Total assets	\$ 11,951,782	\$ 3,936,253	\$ 4,291,049	\$ -	\$ 14,149,040	\$ 13,228,296	\$ 47,556,420
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable and accrued liabilities	\$ 1,219,658	\$ 106,309	\$ 4,362	\$ -	\$ 114,347	\$ 109,631	\$ 1,554,307
Deposits	247,953	-	-	-	-	-	247,953
Total liabilities	1,467,611	106,309	4,362	-	114,347	109,631	1,802,260
Deferred inflows of resources							
Unavailable revenue	226,917	22,804	9,410	-	-	60,098	319,229
Total deferred inflows of resources	226,917	22,804	9,410	-	-	60,098	319,229
Fund balances							
Nonspendable	162,698	-	665	-	-	41,186	204,549
Restricted for:							
Highways and streets	-	3,807,140	-	-	-	-	3,807,140
Building operations	-	-	-	-	-	5,677,517	5,677,517
Capital projects	-	-	-	-	14,034,693	5,747,660	19,782,353
Community enhancement	-	-	-	-	-	75,119	75,119
Tourism	-	-	-	-	-	171,881	171,881
Other purposes	-	-	-	-	-	59,643	59,643
Committed for:							
Highways and streets	-	-	-	-	-	135,282	135,282
Capital projects	-	-	-	-	-	788,586	788,586
Assigned for:							
Pensions	900,000	-	-	-	-	-	900,000
Capital projects	-	-	-	-	-	361,693	361,693
Unassigned	9,194,556	-	4,276,612	-	-	-	13,471,168
Total fund balances	10,257,254	3,807,140	4,277,277	-	14,034,693	13,058,567	45,434,931
Total liabilities, deferred inflows of resources and fund balances	\$ 11,951,782	\$ 3,936,253	\$ 4,291,049	\$ -	\$ 14,149,040	\$ 13,228,296	\$ 47,556,420

See notes to financial statements

CITY OF FOREST GROVE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2025

Fund balances - total governmental funds	\$	45,434,931
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		53,261,100
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		319,229
Subscription assets are not available to pay for current period expenditures, but are reported in the Statement of Net Position		96,795
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position		
Internal service funds net position		6,946,171
Compensated absences of the internal service fund included below		61,021
Pension related liabilities, deferred outflows and deferred inflows included below		229,921
Other postemployment benefit related liabilities, deferred outflows and deferred inflows included below		16,700
Capital assets of the internal service fund included above		(2,650,182)
Subscription Asset and Liability included above and below		(18,693)
Deferred outflows related to the City's pension plans and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds		4,693,847
Some liabilities, including bonds payable, compensated absences, net pension liability, and other postemployment benefit liability, subscription liability are not due and payable in the current period and, therefore, are not reported in the funds		(36,010,409)
Deferred inflows related to the City's pension plans and other postemployment benefit plans are reported in the statement of net position but are not reported in the funds		(3,079,095)
Net position of governmental activities	\$	<u>69,301,336</u>

CITY OF FOREST GROVE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	General	Street	Urban Renewal	American Rescue Plan	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 13,303,896	\$ -	\$ 895,820	\$ -	\$ -	\$ -	\$ 14,199,716
Other local taxes	356,566	454,157	-	-	1,624,154	139,671	2,574,548
Franchise fees	743,149	-	-	-	-	-	743,149
Licenses, permits and fees	269,256	-	-	-	-	4,045,020	4,314,276
Fines and forfeitures	368,245	-	-	-	-	-	368,245
Charges for services	6,488,204	194,627	-	-	-	10	6,682,841
Donations	932	-	-	-	-	480	1,412
System development charges	-	-	-	-	-	1,220,030	1,220,030
Intergovernmental	3,147,544	2,272,390	-	-	-	377,610	5,797,544
Interest	574,727	167,363	218,050	8,893	628,609	601,591	2,199,233
Miscellaneous	223,033	687	-	-	-	55,410	279,130
Total revenues	25,475,552	3,089,224	1,113,870	8,893	2,252,763	6,439,822	38,380,124
Expenditures							
Current							
General government	7,405,281	-	1,603,696	526,748	-	1,645,286	11,181,011
Public safety	15,179,500	-	-	-	-	-	15,179,500
Highways and streets	-	1,739,976	-	-	-	211,288	1,951,264
Culture and recreation	4,034,536	-	-	-	-	102,080	4,136,616
Debt service	-	-	124,957	-	-	-	124,957
Capital outlay	57,288	1,018,414	-	884,917	1,157,556	1,297,242	4,415,417
Total expenditures	26,676,605	2,758,390	1,728,653	1,411,665	1,157,556	3,255,896	36,988,765
Excess (deficiency) of revenues over expenditures	(1,201,053)	330,834	(614,783)	(1,402,772)	1,095,207	3,183,926	1,391,359
Other financing sources (uses)							
Issuance of long-term obligations	-	-	4,250,000	-	-	-	4,250,000
Transfers in	2,027,914	-	-	-	-	212,000	2,239,914
Transfers out	-	-	-	(83,463)	-	(522,615)	(606,078)
Total other financing sources (uses)	2,027,914	-	4,250,000	(83,463)	-	(310,615)	5,883,836
Net change in fund balances	826,861	330,834	3,635,217	(1,486,235)	1,095,207	2,873,311	7,275,195
Fund balances at beginning of year	9,430,393	3,476,306	642,060	1,486,235	12,939,486	10,185,256	38,159,736
Fund balance at end of year	\$ 10,257,254	\$ 3,807,140	\$ 4,277,277	\$ -	\$ 14,034,693	\$ 13,058,567	\$ 45,434,931

See notes to financial statements

CITY OF FOREST GROVE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 7,275,195

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

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

Acquisition of capital assets	\$ 5,159,354	
Depreciation	<u>(2,055,884)</u>	3,103,470

The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS and the Retirement Plan for Employees of the City of Forest Grove are reported as additional expenses for increases and a reduction of expenses for decreases		1,409,097
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The changes in other postemployment benefit liability (asset), deferred outflows of resources and deferred inflows of resources related to the City's other postemployment benefit plan are reported as additional expenses for increases and a reduction of expenses for decreases		(12,900)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes	11,225	
Other	<u>36,641</u>	47,866

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

Bond proceeds	(4,250,000)	
Compensated absences	<u>(290,686)</u>	(4,540,686)

Change in net position of internal service funds		<u>988,848</u>
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Change in net position of governmental activities		<u>\$ 8,270,890</u>
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CITY OF FOREST GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 3,818,189	\$ 3,395,364	\$ 12,865,604	\$ 1,095,481	\$ 21,174,638	\$ 1,911,508
Investments	5,284,233	4,841,837	18,346,533	1,562,172	30,034,775	2,725,837
Accrued interest receivable	39,474	36,336	137,875	11,038	224,723	20,319
Receivables, net	2,786,511	868,544	779,686	216,403	4,651,144	-
Inventory	1,294,880	-	293,160	-	1,588,040	-
Prepaid items	2,475	665	406	148	3,694	19,780
Total current assets	<u>13,225,762</u>	<u>9,142,746</u>	<u>32,423,264</u>	<u>2,885,242</u>	<u>57,677,014</u>	<u>4,677,444</u>
Investment in joint ventures	-	-	5,429,988	-	5,429,988	-
Noncurrent assets						
Subscription asset, net	-	-	-	-	-	49,008
Capital assets						
Land and construction in progress	1,386,642	81,023	2,822,093	-	4,289,758	-
Other capital assets, net	29,560,515	12,082,790	11,646,808	9,720,921	63,011,034	2,650,182
Total noncurrent assets	<u>30,947,157</u>	<u>12,163,813</u>	<u>14,468,901</u>	<u>9,720,921</u>	<u>67,300,792</u>	<u>2,699,190</u>
Total assets	<u>44,172,919</u>	<u>21,306,559</u>	<u>52,322,153</u>	<u>12,606,163</u>	<u>130,407,794</u>	<u>7,376,634</u>
Deferred outflows of resources						
Pension related items	928,097	74,121	208,809	92,834	1,303,861	32,152
Other postemployment benefit related items	232,858	19,989	82,493	37,470	372,810	12,352
Total deferred outflows of resources	<u>1,160,955</u>	<u>94,110</u>	<u>291,302</u>	<u>130,304</u>	<u>1,676,671</u>	<u>44,504</u>
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	1,246,643	841,065	331,686	82,283	2,501,677	92,506
Accrued interest payable	10,463	9,332	-	-	19,795	-
Accrued compensated absences	375,234	-	382,615	-	757,849	44,051
Consumer deposits	58,906	-	-	-	58,906	-
Long-term obligations due within one year	266,000	197,151	49,862	-	513,013	-
Total current liabilities	<u>1,957,246</u>	<u>1,047,548</u>	<u>764,163</u>	<u>82,283</u>	<u>3,851,240</u>	<u>136,557</u>
Noncurrent liabilities						
Subscription liability	-	-	-	-	-	30,315
Accrued compensated absences	137,164	-	145,661	-	282,825	16,970
Proportionate share of net pension liability	6,967,491	556,450	1,567,587	696,934	9,788,462	241,376
OPEB liability	386,882	33,211	137,058	62,255	619,406	20,518
Notes payable	1,436,000	1,223,508	605,423	-	3,264,931	-
Total liabilities	<u>10,884,783</u>	<u>2,860,717</u>	<u>3,219,892</u>	<u>841,472</u>	<u>17,806,864</u>	<u>445,736</u>
Deferred inflows of resources						
Pension related items	597,477	47,717	134,424	59,764	839,382	20,697
Other postemployment benefit related items	160,927	13,814	57,011	25,896	257,648	8,534
Total deferred inflows of resources	<u>758,404</u>	<u>61,531</u>	<u>191,435</u>	<u>85,660</u>	<u>1,097,030</u>	<u>29,231</u>
Net position						
Net investment in capital assets	30,947,157	12,163,813	13,813,616	9,720,921	66,645,507	2,585,613
Restricted for:						
Capital projects	-	1,881,676	10,921,094	836,875	13,639,645	-
Unrestricted	2,743,530	4,432,932	24,467,418	1,251,539	32,895,419	4,360,558
Total net position	<u>\$ 33,690,687</u>	<u>\$ 18,478,421</u>	<u>\$ 49,202,128</u>	<u>\$ 11,809,335</u>	<u>\$ 113,180,571</u>	<u>\$ 6,946,171</u>

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2025

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Totals Enterprise Funds	Internal Service Funds
Operating revenues						
Licenses, permits and fees	\$ -	\$ 2,924	\$ 4,279	\$ -	\$ 7,203	\$ -
Charges for services	26,254,610	2,069,960	8,197,791	1,743,401	38,265,762	2,930,456
Total operating revenues	<u>26,254,610</u>	<u>2,072,884</u>	<u>8,202,070</u>	<u>1,743,401</u>	<u>38,272,965</u>	<u>2,930,456</u>
Operating expenses						
Personnel services	4,710,303	323,500	1,394,013	664,753	7,092,569	305,689
Materials and services	24,357,382	1,152,782	3,955,054	706,321	30,171,539	1,747,709
Amortization	-	-	-	-	-	50,924
Depreciation	1,082,289	365,006	489,398	256,356	2,193,049	478,872
Total operating expenses	<u>30,149,974</u>	<u>1,841,288</u>	<u>5,838,465</u>	<u>1,627,430</u>	<u>39,457,157</u>	<u>2,583,194</u>
Operating income (loss)	<u>(3,895,364)</u>	<u>231,596</u>	<u>2,363,605</u>	<u>115,971</u>	<u>(1,184,192)</u>	<u>347,262</u>
Nonoperating revenues (expenses)						
Grants	676,722	-	-	-	676,722	-
Interest income	383,914	395,921	1,483,917	127,118	2,390,870	250,520
Miscellaneous	6,235,261	12,330	21,164	18,728	6,287,483	35,443
(Loss) on sale of capital assets	(504,041)	-	-	-	(504,041)	(36,418)
Interest expense	(44,202)	(218,514)	(24,621)	-	(287,337)	-
(Loss) on investment in joint ventures	-	-	(427,206)	-	(427,206)	-
Total nonoperating revenue (expenses)	<u>6,747,654</u>	<u>189,737</u>	<u>1,053,254</u>	<u>145,846</u>	<u>8,136,491</u>	<u>249,545</u>
Income (loss) before transfers and capital contributions	2,852,290	421,333	3,416,859	261,817	6,952,299	596,807
Capital contributions	2,566,859	1,734,537	2,619,346	1,963,244	8,883,986	-
Transfers in	-	-	-	-	-	417,041
Transfers out	(1,435,968)	(115,973)	(388,346)	(85,590)	(2,025,877)	(25,000)
Change in net position	3,983,181	2,039,897	5,647,859	2,139,471	13,810,408	988,848
Net position at beginning of year	29,954,849	16,438,524	43,880,923	9,669,864	99,944,160	5,996,478
Restatement of net position	(247,343)	-	(326,654)	-	(573,997)	(39,155)
Net position at end of year	<u>\$ 33,690,687</u>	<u>\$ 18,478,421</u>	<u>\$ 49,202,128</u>	<u>\$ 11,809,335</u>	<u>\$ 113,180,571</u>	<u>\$ 6,946,171</u>

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2025

	Business-type Activities					Governmental Activities
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities						
Receipts from customers	\$ 25,883,603	\$ 2,035,286	\$ 8,112,394	\$ 1,737,349	\$ 37,768,632	\$ -
Receipts from other funds	-	-	-	-	-	2,930,456
Payments to suppliers	(24,349,798)	(1,607,376)	(4,000,681)	(740,065)	(30,697,920)	(1,766,363)
Payments to employees	(5,064,818)	(382,266)	(1,400,363)	(661,261)	(7,508,708)	(325,600)
Net cash from operating activities	<u>(3,531,013)</u>	<u>45,644</u>	<u>2,711,350</u>	<u>336,023</u>	<u>(437,996)</u>	<u>838,493</u>
Cash flows from noncapital financing activities						
Transfers in	-	-	-	-	-	-
Transfers out	(1,435,968)	(115,973)	(388,346)	(85,590)	(2,025,877)	(25,000)
Net cash from noncapital financing activities	<u>(1,435,968)</u>	<u>(115,973)</u>	<u>(388,346)</u>	<u>(85,590)</u>	<u>(2,025,877)</u>	<u>(25,000)</u>
Cash flows from capital and related financing activities						
Transfers in	-	-	-	-	-	417,041
System development charges received	-	292,536	679,867	-	972,403	-
Other	6,235,261	12,330	21,164	18,728	6,287,483	(7,826)
Grants	676,722	-	-	-	676,722	-
Acquisition of capital assets	(654,154)	-	(831,774)	-	(1,485,928)	(694,435)
Principal paid on long-term obligations	(260,000)	(193,991)	(48,177)	-	(502,168)	-
Interest paid on long-term obligations	(45,800)	(27,552)	(24,621)	-	(97,973)	-
Net cash from capital and related financing activities	<u>5,952,029</u>	<u>83,323</u>	<u>(203,541)</u>	<u>18,728</u>	<u>5,850,539</u>	<u>(285,220)</u>
Cash flows from investing activities						
Interest on investments	375,448	391,419	1,458,357	125,278	2,350,502	245,902
Purchases of investments	(562,507)	5,805	(1,243,904)	(161,489)	(1,962,095)	(334,956)
Net cash from investing activities	<u>(187,059)</u>	<u>397,224</u>	<u>214,453</u>	<u>(36,211)</u>	<u>388,407</u>	<u>(89,054)</u>
Net increase (decrease) in cash and cash equivalents	797,989	410,218	2,333,916	232,950	3,775,073	439,219
Cash and cash equivalents at beginning of year	<u>3,020,200</u>	<u>2,985,146</u>	<u>10,531,688</u>	<u>862,531</u>	<u>17,399,565</u>	<u>1,472,289</u>
Cash and cash equivalents at end of year	<u>\$ 3,818,189</u>	<u>\$ 3,395,364</u>	<u>\$ 12,865,604</u>	<u>\$ 1,095,481</u>	<u>\$ 21,174,638</u>	<u>\$ 1,911,508</u>
Reconciliation of operating income (loss) to net cash from operating activities						
Operating income (loss)	\$ (3,895,364)	\$ 231,596	\$ 2,363,605	\$ 115,971	\$ (1,184,192)	\$ 347,262
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	1,082,289	365,006	489,398	256,356	2,193,049	529,796
(Increase) decrease in assets and deferred outflows						
Receivables, net	(369,816)	(37,598)	(89,676)	(6,052)	(503,142)	-
Inventories	(168,064)	-	(10,984)	-	(179,048)	-
Prepaid items	21,288	(26)	-	-	21,262	(19,680)
Pension related items	341,692	33,135	64,367	26,898	466,092	9,271
Other postemployment benefit related items	(195,905)	(17,249)	(69,441)	(31,908)	(314,503)	(10,334)
Increase (decrease) in liabilities and deferred inflows						
Accounts payable and accrued liabilities	154,360	(454,568)	(34,643)	(33,744)	(368,595)	(19,808)
Consumer deposits	(1,191)	-	-	-	(1,191)	1,174
Compensated absences payable	27,136	-	14,590	-	41,726	-
Net pension liability	(1,258,230)	(138,356)	(202,055)	(53,388)	(1,652,029)	-
Net other postemployment benefits liability	141,394	15,010	50,351	-	206,755	(19,845)
Pension related items	567,807	45,211	128,041	56,966	798,025	19,731
Other postemployment benefit related items	21,591	3,483	7,797	4,924	37,795	926
Net cash from operating activities	<u>\$ (3,531,013)</u>	<u>\$ 45,644</u>	<u>\$ 2,711,350</u>	<u>\$ 336,023</u>	<u>\$ (437,996)</u>	<u>\$ 838,493</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS						
(Loss) on investment in joint ventures	\$ -	\$ -	\$ (427,206)	\$ -	\$ (427,206)	\$ -

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2025

	City of Forest Grove Retirement Plan Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 370,091	\$ 39,956
Investments	86,926,486	1,015
Accrued interest receivable	-	-
Contributions receivable	-	-
Total assets	87,296,577	40,971
Liabilities		
Customer deposits	-	40,971
Net position		
Restricted	\$ 87,296,577	\$ -

See notes to financial statements

CITY OF FOREST GROVE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2025

	City of Forest Grove Retirement Plan Trust Fund	Custodial Funds
Additions		
Employer contributions	\$ 5,269,992	\$ -
Investment earnings	1,884,239	-
Other revenue	<u>11,158,745</u>	<u>44,515</u>
Total additions	<u>18,312,976</u>	<u>44,515</u>
Deductions		
Benefits	4,084,747	-
Administrative expenses	174,569	-
Other Activity	<u>3,699,525</u>	<u>49,294</u>
Total deductions	<u>7,958,841</u>	<u>49,294</u>
Change in net position	10,354,135	(4,779)
Net position at beginning of year	<u>76,942,442</u>	<u>4,779</u>
Net position at end of year	<u>\$ 87,296,577</u>	<u>\$ -</u>

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

The City also reports the following fund types:

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Budget policies and budgetary control

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

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

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

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

Cash and cash equivalents

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

Property taxes

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes (Continued)

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

User charges and fines receivable

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

Inventories

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

Capital assets

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

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations

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

Bonds

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

Compensated absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Retirement Plans

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plans (continued)

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

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

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

Other postemployment benefits

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

Equity classification

Government-wide and proprietary fund net position

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

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

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund type fund balance reporting

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

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

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

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

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

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

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

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

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

For the year ended June 30, 2025, a reconciliation of the differences between the budgetary basis and GAAP is listed on the face of the financial statements.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City’s cash, cash equivalents, and investments as of June 30, 2025, were as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 3,513,251
State of Oregon Local Government Investment Pool	38,897,707
Cash on hand	1,790
	\$ 42,412,748
Investments	
Us government agencies	\$ 47,236,812
Mutual funds	99,266,553
Clean Fuel Credits	112,417
	\$ 146,615,782

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

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City’s deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2025, the City had a total bank balance of \$3,322,665 of which \$250,000 was covered by FDIC, with the remaining amount collateralized by the Oregon Public Collateralization Program.

State of Oregon Local Government Investment Pool

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

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

Investments

The City had the following investments as of June 30, 2025:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in years)</u>
US government agencies	Not rated	\$ 47,236,812	47.59%	2.2
Mutual funds	Not rated	<u>99,266,553</u>	52.41%	N/A
		<u>\$ 146,503,365</u>		

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

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

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

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

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

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

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

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

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

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

NOTE 5 – RECEIVABLES

As of June 30, 2025, receivables were as follows:

	<u>Governmental Activities/Funds</u>				
	General	Street	Urban Renewal	Nonmajor	
Property taxes	\$ 219,576	\$ -	\$ 14,052	\$ -	
Accounts	891,776	65,437	-	96,238	
Assessments	-	-	-	50,967	
User charges	-	-	-	-	
Allowance for doubtful accounts	-	-	-	-	
	<u>\$ 1,111,352</u>	<u>\$ 65,437</u>	<u>\$ 14,052</u>	<u>\$ 147,205</u>	
	<u>Business-type Activities/Enterprise Funds</u>				
	Light	Sewer	Water	Surface Water Management	Gov't Wide Totals
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 233,628
Accounts	290,728	21,780	5,925	-	1,371,884
Assessments	-	-	-	-	50,967
User charges	2,681,783	862,985	798,112	220,887	4,563,767
Allowance for doubtful accounts	(186,000)	(16,221)	(24,351)	(4,484)	-
	<u>\$ 2,786,511</u>	<u>\$ 868,544</u>	<u>\$ 779,686</u>	<u>\$ 216,403</u>	<u>\$ 5,989,190</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Activity for governmental activities for the year ended June 30, 2025, was as follows:

	Balances July 1, 2024	Adjustments	Additions	Deletions	Balances June 30, 2025
Capital assets not being					
Land & Improvements	\$ 9,108,393	\$ -	\$ -	\$ -	\$ 9,108,393
Work in Progress	540,060	-	397,295	(416,399)	520,956
Total capital assets not being depreciated	9,648,453	-	397,295	(416,399)	9,629,349
Capital assets , being depreciated					
Buildings & Improvements	27,147,109	1,462,294	1,383,792	-	29,993,195
Fixtures & Equipment	14,393,785	(1,462,294)	849,730	(266,197)	13,515,024
Infrastructure	37,790,601	-	3,639,373	(165,228)	41,264,746
Total capital assets, being	<u>79,331,495</u>	<u>-</u>	<u>5,872,895</u>	<u>(431,425)</u>	<u>84,772,965</u>
Less accumulated depreciation and amortization:					
Buildings & Improvements	9,910,702	-	706,074	-	10,616,776
Fixtures & Equipment	8,183,367	-	881,416	(229,779)	8,835,004
Infrastructure	20,907,396	-	947,266	(165,228)	21,689,434
Total accumulated depreciation	<u>39,001,465</u>	<u>-</u>	<u>2,534,756</u>	<u>(395,007)</u>	<u>41,141,214</u>
Total capital assets, being depreciated, net	<u>40,330,030</u>	<u>-</u>	<u>3,338,139</u>	<u>(36,418)</u>	<u>43,631,751</u>
governmental capital assets, net	<u>\$ 49,978,483</u>	<u>\$ -</u>	<u>\$ 3,735,434</u>	<u>\$ (452,817)</u>	<u>\$ 53,261,100</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Activity for business-type activities for the year ended June 30, 2025, was as follows:

	Balances			Balances	
	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>	
Capital assets not being depreciated					
Land & Improvements	\$ 1,537,847	\$ 300,834	\$ -	\$ 1,838,681	
Work in Progress	829,291	4,139,009	(2,517,223)	2,451,077	
Total capital assets not being	<u>2,367,138</u>	<u>4,439,843</u>	<u>(2,517,223)</u>	<u>4,289,758</u>	
Capital assets , being depreciated					
Buildings & Improvements	15,339,911	79,581	-	15,419,492	
Fixtures & Equipment	39,067,131	3,052,089	(613,960)	41,505,260	
Infrastructure	52,762,250	4,149,230	-	56,911,480	
Intangible-water rights	1,707,484	-	-	1,707,484	
Total capital assets, being	<u>108,876,776</u>	<u>7,280,900</u>	<u>(613,960)</u>	<u>115,543,716</u>	
Less accumulated depreciation and amortization:					
Buildings & Improvements	5,839,998	320,648	-	6,160,646	
Fixtures & Equipment	16,531,668	909,066	(109,919)	17,330,815	
Infrastructure	26,516,555	920,558	-	27,437,113	
Intangible-water rights	1,561,331	42,777	-	1,604,108	
Total accumulated depreciation	<u>50,449,552</u>	<u>2,193,049</u>	<u>(109,919)</u>	<u>52,532,682</u>	
Total capital assets, being depreciated, net	<u>58,427,224</u>	<u>5,087,851</u>	<u>(504,041)</u>	<u>63,011,034</u>	
Business-type activities capital assets, net	<u>\$ 60,794,362</u>	<u>\$ 9,527,694</u>	<u>\$ (3,021,264)</u>	<u>\$ 67,300,792</u>	

NOTE 6 – CAPITAL ASSETS (Continued)

For the year ended June 30, 2025, depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 869,558
Public safety	261,793
Highways and streets	873,456
Culture and recreation	529,949
	<u>\$ 2,534,756</u>
Business-type activities	
Light	\$ 1,082,289
Sewer	365,006
Water	489,398
Surface water management	256,356
	<u>\$ 2,193,049</u>

NOTE 7 – UNAVAILABLE REVENUE

As of June 30, 2025, resources in the governmental funds which are measurable but unavailable consist of the following:

	<u>General</u>	<u>Street</u>	<u>Urban Renewal</u>	<u>Nonmajor</u>	<u>Totals</u>
Property taxes	\$ 148,870	\$ -	\$ 9,410	\$ -	\$ 158,280
Accounts	78,047	22,804	-	60,098	160,949
Assessments	-	-	-	-	-
	<u>\$ 226,917</u>	<u>\$ 22,804</u>	<u>\$ 9,410</u>	<u>\$ 60,098</u>	<u>\$ 319,229</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2025, were as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Balances Due</u> <u>Within One year</u>
<u>Governmental activities</u>					
Long-term debt obligations - bonds					
Urban Renewal Bond	\$ -	\$ 4,250,000	\$ -	\$ 4,250,000	\$ 325,000
Other long-term obligations					
Compensated absences	<u>\$ 3,625,096</u>	<u>\$ (80,578) *</u>	<u>\$ -</u>	<u>3,544,518</u>	<u>2,244,494</u>
	<u>\$ 3,625,096</u>	<u>\$ 4,169,422</u>	<u>\$ -</u>	<u>\$ 7,794,518</u>	<u>\$ 2,569,494</u>
*Net change					
<u>Business-type activities</u>					
Long-term debt obligations - bonds and loans					
Direct placement					
Columbia State Bank	\$ 1,962,000	\$ -	\$ 260,000	\$ 1,702,000	\$ 266,000
Direct borrowing					
US Department of the Interior	703,461	-	48,176	655,285	49,862
Clean Water Services	941,582	-	94,353	847,229	95,441
Clean Water Services	<u>673,068</u>	<u>-</u>	<u>99,637</u>	<u>573,431</u>	<u>101,710</u>
		-	502,166	3,777,945	513,013
Other long-term obligations					
Compensated absences	<u>1,180,030</u>	<u>-</u>	<u>139,356 *</u>	<u>1,040,674</u>	<u>757,849</u>
	<u>\$ 1,180,030</u>	<u>\$ -</u>	<u>\$ 641,522</u>	<u>\$ 4,818,619</u>	<u>\$ 1,270,862</u>

*Net change

Governmental activities long-term debt obligations

Bonds

In 2024-25 the Urban Renewal Agency issued bonds backed by the Agency's property taxes in the amount of \$4,250,000 for the purpose of issuance of debt and for projects within the Agencies area including purchase of property.

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2025, maturities governmental activities long-term debt obligations for future years ending June 30 are as follows:

Fiscal Year	2024 Bonds	
	Principal	Interest
2026	\$ 325,000	\$ 254,150
2027	340,000	234,715
2028	365,000	214,383
2029	385,000	192,556
2030	405,000	169,533
2031-2035	2,430,000	453,284
	<u>\$4,250,000</u>	<u>\$ 1,518,621</u>

Business-type activities long-term debt obligations

Direct placements

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

Direct borrowings

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

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

Clean Water Services Loan – The City entered into an agreement with Clean Water Services (CWS) to participate in and inflow and infiltration project. The City’s portion of the costs are to be paid in semi-annual installments of \$52,455, which includes principal and interest at 1.15%. The loan matures in 2033.

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2025, maturities for business-type activities long-term debt obligations for future years ending June 30 are as follows:

Fiscal Year	US Dept of the Int. Scoggins Dam		Col State Bank		FG 19th & Maple Clean Water Servs		FG Main & 23rd Clean Water Servs		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 49,862	\$ 22,935	\$ 266,000	\$ 39,225	\$ 101,710	\$ 11,345	\$ 95,441	\$ 9,470	\$ 513,014	\$ 82,974
2027	51,607	21,190	273,000	32,488	103,827	9,228	96,542	8,369	524,976	71,275
2028	53,413	19,384	280,000	25,575	105,987	7,068	97,656	7,255	537,056	59,282
2029	55,283	17,514	287,000	18,488	108,192	4,863	98,782	6,129	549,257	46,993
2030	57,218	15,579	294,000	11,225	110,444	2,612	99,921	4,990	561,583	34,406
2031-2035	317,567	46,418	302,000	3,775	43,270	447	358,886	8,302	1,021,723	58,941
2036-2040	70,335	2,462	-	-	-	-	-	-	70,335	2,462
	<u>\$ 655,285</u>	<u>\$ 145,482</u>	<u>\$ 1,702,000</u>	<u>\$ 130,775</u>	<u>\$ 573,430</u>	<u>\$ 35,563</u>	<u>\$ 847,227</u>	<u>\$ 44,515</u>	<u>\$ 3,777,944</u>	<u>\$ 356,334</u>

Funds used to liquidate other long-term obligations

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

NOTE 9 – CONDUIT DEBT

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

On February 1, 2023, the City issued \$28,845,000 in revenue bonds to refinance the 2014A tax-exempt bonds originally issued for Pacific University to fund capital improvement projects and to provide additional resources for capital improvement projects on the campus. At June 30, 2025, \$28,845,000 was outstanding. The bonds mature May 1, 2040.

On April 22, 2015, the City issued \$35,425,000 in revenue bonds to refinance the 2005 revenue bonds originally issued for Pacific University to fund capital improvement projects and to provide additional resources for capital improvement projects on the campus. \$32,330,000 of the 2015 revenue bonds were to refinance the 2005 revenue bonds and \$3,095,000 of the 2015 revenue bonds were to provide resources for additional capital improvement projects on campus. The 2015 revenue bonds were assigned to Pacific University. At June 30, 2025, \$22,795,000 was outstanding. The bonds mature May 1, 2045.

NOTE 9 – CONDUIT DEBT (continued)

On October 19, 2016, the City issued \$17,800,000 in revenue bonds to refinance the 2013 revenue bonds originally issued for Pacific University to fund capital improvement projects. The 2016 revenue bonds were assigned to Pacific University. At June 30, 2025, \$11,430,518 was outstanding. The bonds mature November 1, 2036.

On November 1, 2021, the City issued \$2,070,000 in revenue bonds to refund the 2014B taxable bonds originally issued to fund campus improvements. At June 30, 2025, \$820,000 was outstanding. The bonds mature May 1, 2026.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan description

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

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

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

Plan membership

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

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

Employees are divided into two groups: Public Safety Members (consisting of firefighters and police officers) and General Members. As of July 1, 2024, plan membership consisted of 124 retirees and beneficiaries, 31 vested terminated participants, 1 nonvested terminated participants, and 60 active participants.

Description of benefit terms

Normal retirement

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Early retirement

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

Late retirement

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

Disability

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

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

Contributions

The City is required by the Plan’s provisions to pay the employees’ contribution to the Plan of 7% of covered salaries (6% if monthly base pay is less than \$1,500). In addition, the City will contribute additional amount necessary to fund the Plan sufficient to pay benefits when due based on annual actuarial valuations. City contributions to the Plan totaled \$5,269,191 for the year ended June 30, 2025.

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

As of June 30, 2025, the City reported a net pension liability of \$30,391,289. 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 that date as follows:

Total pension liability	\$ 107,536,423
Plan fiduciary net position	<u>77,145,134</u>
Net pension liability	<u>\$ 30,391,289</u>
 Fiduciary net position as a percentage of total pension liability	 71.74%

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2025, changes in the net pension liability are as follows:

	Total Pension <u>Liability</u>	Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Beginning balances	\$ 106,098,505	\$ 68,093,379	\$ 38,005,126
Changes for the year:			
Service cost	1,354,022	-	1,354,022
Interest on total pension liability	5,540,440	-	5,540,440
Effect of economic/demographic losses	(1,615,840)	-	(1,615,840)
Effect of assumption changes or inputs	-	-	-
Benefit payments	(3,840,704)	(3,840,704)	-
Administrative expenses	-	(88,384)	88,384
Net investment income	-	7,995,476	(7,995,476)
Employer contributions	-	4,985,367	(4,985,367)
Ending balances	<u>\$ 107,536,423</u>	<u>\$ 77,145,134</u>	<u>\$ 30,391,289</u>

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2025, the City recognized pension expense of \$2,231,357. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 538,613
Change of assumptions or inputs	-	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,528,350</u>
	<u>\$ -</u>	<u>\$ 3,066,963</u>

As of June 30, 2025, amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense during future years ending June 30 as follows:

2026	\$ (1,927,788)
2027	936,503
2028	(1,197,108)
2029	<u>(878,570)</u>
	<u>\$ (3,066,963)</u>

Actuarial valuation

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial methods and assumptions used in developing total pension liability

Valuation date	July 1, 2024
Actuarial cost method	Entry age normal, level percentage of pay
Inflation rate	2.0%
Long-term expected rate of return	5.25%
Discount rate	5.25%
Amortization method	Closed 15-year amortization, payments increasing 2.5% per year
Asset valuation method	market value of assets
Projected salary increases	Salaries for individuals are assumed to grow at 3.75% per year
Mortality	Healthy retirees and beneficiaries: Pub-2010 sex-distinct, generational per Unisex Social Security Data Scale, with job class adjustments and setbacks Participants with disabilities: Pub-2010 sex distinct, generational per Unisex Social Security Data Scale

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

Discount rate

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on investments for the Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Depletion date projection

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

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

Long-term expected rate of return

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

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 45,650,616	\$ 30,391,289	\$17,903,528

NOTE 11 – DEFINED CONTRIBUTION PLAN

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

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

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

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

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

Contributions to the DC Plan for the year ended June 30, 2025, totaled \$94,441.

NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
- A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (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 1 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 2 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.
- ii. **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 contributions are met:
- member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to 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 changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal

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

retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse 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 70½ years.

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

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. The 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, 2023 actuarial valuation, which became effective July 1, 2024. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2025 were \$1,301,858, excluding amounts to fund employer specific liabilities. In addition approximately \$609,640 in employee contributions were paid or picked up by the City in fiscal 2025. At June 30, 2025, the City reported a net pension liability of \$5,536,584 for its proportionate share of the net pension liability. The 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 dated December 31, 2022. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2024 and 2023, the City’s proportion was .024 percent and .025 percent, respectively. Pension expense for the year ended June 30, 2025 was \$1,717,860.

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

The rates in effect for the year ended June 30, 2025 were:

- (1) Tier 1/Tier 2 – 17.92%
- (2) OPSRP general services – 16.25%

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 327,991	\$ 13,214
Changes in assumptions	556,650	713
Net difference between projected and actual earnings on pension plan investments	351,728	-
Net changes in proportionate share	1,755,001	-
Differences between contributions and proportionate share of contributions	469,175	-
Subtotal - Amortized Deferrals (below)	3,460,545	13,927
Contributions subsequent to measuring date	1,325,189	-
Deferred outflow (inflow) of resources	\$ 4,785,734	\$ 13,927

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2025	\$ 755,992
2026	1,296,771
2027	891,448
2028	435,658
2029	66,749
Thereafter	-
Total	\$ 3,446,618

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2022
Experience Study Report	2022, Published July 24, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. 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. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2022 Experience Study which is reviewed for the four-year period ending December 31, 2022.

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2024 PERS ACFR; p. 116)

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. 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	Compound Annual (Geometric) Return
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%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2024 PERS ACFR; p. 88)

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

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 8,733,736	\$ 5,536,584	\$ 2,858,813

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

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

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

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

Contributions:

Employees of the City pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2023) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The City made approximately \$609,640 in optional contributions to member IAP accounts for the year ended June 30, 2025.

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

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

City of Forest Grove Other Postemployment Benefits Plan

Plan description and benefits provided

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

Plan membership

As of July 1, 2024, there were 120 active employees, 6 eligible retirees, and 1 spouse of eligible retirees for a total of 127 plan members.

Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City for the period July 2023-June 2024 are as follows:

For retirees	\$	805
For spouses of retirees		907

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

As of June 30, 2025, the City reported a total OPEB liability of \$820,118. The total OPEB liability was measured as of June 30, 2024, and determined by an actuarial valuation as of that date.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at June 30, 2024	\$ 1,158,470
Changes for the year:	
Service cost	114,908
Interest	45,310
Effect of economic/demographic gains or losses	(330,954)
Changes in assumptions or other inputs	(103,045)
Benefit payments	(64,571)
 Balances at June 30, 2025	 \$ 820,118

City of Forest Grove Other Postemployment Benefits Plan (Continued)

For the year ended June 30, 2025, the City recognized an OPEB expense of \$124,295. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$(657,210)
Changes of assumptions	17,727	(246,250)
Benefit payments	79,111	-
	\$ 96,838	\$(903,460)

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

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date in the amount of \$79,111 will be recognized as an adjustment to the total OPEB liability in the year ending June 30, 2025.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2026		\$ (201,511)
2027		(177,472)
2028		(157,386)
2029		(118,223)
2030		(108,054)
Thereafter		<u>(123,087)</u>
		<u>\$ (885,733)</u>

City of Forest Grove Other Postemployment Benefits Plan (Continued)

Actuarial valuation

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

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4%
Projected Salary Increases	3.4%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

City of Forest Grove Other Postemployment Benefits Plan (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 3.93%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.65%.

Healthcare cost trend rate

As of June 30, 2024, the assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2024	6.90%
2025	6.00
2026	5.50
2027-2028	5.00
2029-2030	4.75
2031-2032	4.50
2033-2065	4.25
2066-2071	4.00
2072+	3.75

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

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

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 870,295	\$ 820,118	\$ 773,284
	1-Percentage Point Lower	Current Trend Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 755,354	\$ 820,118	\$ 894,750

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Northwest Firefighters Relief Association Health Trust

Plan description and benefits provided

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

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

Contributions

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

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

As of June 30, 2025, the City reported a liability of \$1,812,912 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2025. As of June 30, 2025, the City's proportion was 2.72%, and the June 30, 2024 proportion was 1.44%.

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

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Northwest Firefighters Relief Association Health Trust (Continued)

For the year ended June 30, 2025, the City recognized an OPEB expense of \$239,280. As of June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 466,476	\$ 9,533
Changes of assumptions	714,191	31,774
Changes in proportionate share	<u>307,276</u>	<u>150,468</u>
	<u>\$ 1,487,943</u>	<u>\$ 191,775</u>

As of June 30, 2025, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2025	\$	(120,138)
2026		(120,138)
2027		(120,138)
2028		(120,138)
2029		(120,138)
Thereafter		<u>(695,478)</u>
Total	\$	<u>(1,296,168)</u>

Actuarial assumptions

The total OPEB liability in the actuarial valuation as of June 30, 2024, was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Discount Rate	3.65%
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Northwest Firefighters Relief Association Health Trust (Continued)

The 5.20% discount rate assumption is the rate as of June 30, 2025, in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2023 actuarial valuation of the Oregon Public Employees Retirement System for Police and Fire employees.

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

The following presents the City’s proportionate share of the total OPEB liability, as well as what the City’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 1,988,890	\$ 1,812,912	\$ 1,654,630
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 1,614,562	\$ 1,812,912	\$ 2,046,957

NOTE 14 – JOINT VENTURES AND INTERGOVERNMENTAL AGREEMENTS

Joint Water Commission

The City is a party to the Joint Water Commission (the Commission) with the City of Hillsboro, City of Beaverton, and the Tualatin Valley Water District. The Commission is an entity organized under ORS 190. The City owns a 11.76% interest in the Joint Water Commission. The City's investment in the Commission at June 30, 2025, is \$4,967,362. The Commission issues a publicly available financial report which may be obtained by writing to the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

NOTE 14 – JOINT VENTURES AND INTERGOVERNMENTAL AGREEMENTS (Continued)

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

Barney Reservoir Joint Ownership Commission

The City is a party to the Barney Reservoir Joint Ownership Commission (the Reservoir Commission) with the City of Hillsboro, City of Beaverton, the Unified Sewerage Agency, and the Tualatin Valley Water District. The Reservoir Commission is an entity organized under ORS 190. The parties have agreed to establish joint ownership of an expanded Trask Reservoir also known as the "J.W. Barney Reservoir," located on the middle fork of the north fork of the Trask River, partially in Yamhill County and partially in Washington County. The agreement requires each of the original owners of the Trask Reservoir to exchange their equity interest in the reservoir for equity in the expanded "J.W. Barney Reservoir." As a member of the Commission, the City owns a 2.5% interest in the reservoir. The City's investment in the Commission was \$462,626 at June 30, 2025. The Barney Reservoir Joint Ownership Commission issues a publicly available financial report which may be obtained by writing the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

Clean Water Services of Washington County

The City collects charges for treatment of the City sewage and surface water management on behalf of the Clean Water Services of Washington County (CWS) and remits all collections to CWS except for 15.1% of sewer service charges collected, 20% of connection charges collected, and 75% of surface water management fees collected in accordance with agreements between the City and CWS. The amount collected on behalf of and remitted to CWS was \$7,641,409 the year ended June 30, 2025. The amount due to and payable to CWS was \$885,506 at June 30, 2025.

NOTE 15 – SUBSCRIPTION ASSET AND LIABILITY

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

NOTE 15 – SUBSCRIPTION ASSET AND LIABILITY (Continued)

As of 06/30/2025, Sutherlin, OR had 5 active subscriptions. The subscriptions have payments that range from \$3,887 to \$30,000 and interest rates that range from .2% to 3.24%. As of 06/30/2025, the total combined value of the subscription liability is \$62,855, and the total combined value of the short-term subscription liability is \$46,271. The combined value of the right to use asset, as of 06/30/2025 of \$257,084 with accumulated amortization of \$160,289 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

<u>Asset Class</u>	<u>Subscription Asset</u>	<u>Accumulated Amortization</u>	<u>Total</u>
Software	\$ 257,084	\$ 160,289	\$ 96,795

Principal and Interest Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	
2026	46,271	1,057	.
2027	16,584	389	.
	<u>\$ 62,855</u>	<u>\$ 1,446</u>	:

For the year ended June 30, 2025, amortization expense of \$92,642 was charged to the General Government function/program.

NOTE 16 – RISK MANAGEMENT

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

NOTE 17 – INTERFUND TRANSFERS AND BALANCES

	Transfers	
	In	Out
General	\$ 2,027,914	\$ -
American Rescue Plan	-	83,463
Nonmajor governmental	212,000	522,615
Light	-	1,435,968
Sewer	-	115,973
Water	-	388,346
Surface water management	-	85,590
Internal service funds	417,041	25,000
	\$ 2,656,955	\$ 2,656,955

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

NOTE 18 – DEFERRED OUTFLOWS INFLOWS AND PENSION OPEB OBLIGATIONS

These accounts are aggregated as follows:

	Net Pension Liability	Deferred Outflows	Deferred Inflows
Defined Benefit - City Plan	\$ 30,391,289	\$ -	\$ 3,066,963
Defined Benefit - PERS	5,536,584	4,785,734	13,927
	\$ 35,927,873	\$ 4,785,734	\$ 3,080,890
OPEB Implicit Rate	\$ 820,118	\$ 96,838	\$ 903,460
OPEB - NW Firefighters	1,812,912	1,487,943	191,775
	\$ 2,633,030	\$ 1,584,781	\$ 1,095,235

NOTE 19 -- RESTATEMENT

During the current year, the City implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the "Restatement - GASB 101 implementation" column in the table below.

CITY OF FOREST GROVE
NOTES TO FINANCIAL STATEMENTS

NOTE 19 – RESTATEMENT (Continued)

	Net position/fund balance 6/30/24 as previously reported	Restatement - GASB 101 implementation	Net position/fund balance 6/30/24 as restated/adjusted
Government-wide			
Governmental activities	\$ 63,086,222	\$ (2,055,776)	\$ 61,030,446
Business-type activities	99,944,160	(573,997)	99,370,163
Total government-wide	\$ 163,030,382	\$ (2,629,773)	\$ 160,400,609

NOTE 20 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

As of June 30, 2025, net position which is restricted through enabling legislation is as follows:

Governmental activities – capital projects	
Transportation impact fees and transportation development tax are restricted for transportation infrastructure expansion	\$ 14,034,693
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Park acquisition and development	5,464,340
Trail system sponsorship is restricted for trail construction or maintenance	117,659
Governmental activities – tourism	
City transient lodging tax is restricted for tourism	171,881
Business-type activities – capital projects	
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Sewer system improvement and expansion	1,881,676
Water system improvement and expansion	10,921,094
Surface water management system improvement and expansion	836,875

NOTE 21 – TAX ABATEMENTS

Washington County has established an Enterprise Zone under ORS 285C.175 that abates property taxes on new business development within the zone. As a result, the property taxes that the City received for the year ended June 30, 2025 have been reduced by \$304,000

Washington County has established a Low Income Property Tax Exemption program under ORS 307.541 to make rental housing units affordable for income-restricted tenants. As a result, the property taxes that the City received for the year ended June 30, 2025, have been reduced by \$108,000.

NOTE 21 – TAX ABATEMENTS (Continued)

Washington County has established a Vertical Housing Development Zone under ORS 307.864 as an incentive for the development of higher density mixed use residential development with ground floor nonresidential uses in areas well served by transit services. As a result, the property taxes that the City received for the year ended June 30, 2025, have been reduced by \$16,000.

**COMBINING FINANCIAL STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

CITY OF FOREST GROVE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 8,731,225	\$ 8,731,225	\$ 13,303,896	\$ 4,572,671
Other local taxes	4,898,202	4,898,202	356,566	(4,541,636)
Franchise fees	803,174	803,174	743,149	(60,025)
Licenses, permits and fees	178,170	178,170	269,256	91,086
Fines and forfeitures	487,753	487,753	368,245	(119,508)
Charges for services	6,367,011	6,367,011	6,488,204	121,193
Intergovernmental	3,763,494	3,763,494	3,147,544	(615,950)
Donations	-	-	932	932
Interest	-	-	545,864	545,864
Miscellaneous	600,950	600,950	223,031	(377,919)
Total revenues	<u>25,829,979</u>	<u>25,829,979</u>	<u>25,446,687</u>	<u>(383,292)</u>
Expenditures				
Legislative and executive	728,132	738,132	704,517	33,615
Administrative services	5,096,128	5,096,128	4,645,236	450,892
Library	1,710,004	1,710,004	1,672,868	37,136
Planning	636,783	636,783	557,382	79,401
Economic Development	182,445	182,445	169,769	12,676
Fire	6,513,388	6,513,388	6,430,039	83,349
Engineering	1,158,611	1,158,611	1,126,753	31,858
Police	9,164,444	9,164,444	8,408,037	756,407
Aquatics	881,767	881,767	864,374	17,393
Parks	1,177,890	1,177,890	1,175,336	2,554
Recreation	317,695	332,695	332,117	578
Municipal court	476,462	476,462	388,553	87,909
Nondepartmental	577,720	577,720	201,624	376,096
Contingency	1,000,000	975,000	-	975,000
Total expenditures	<u>29,621,469</u>	<u>29,621,469</u>	<u>26,676,605</u>	<u>2,944,864</u>
Excess (deficiency) of revenues over expenditures	<u>(3,791,490)</u>	<u>(3,791,490)</u>	<u>(1,229,918)</u>	<u>2,561,572</u>
Other financing sources (uses)				
Transfers in	2,141,951	2,141,951	2,027,914	(114,037)
Total other financing sources (uses)	<u>2,141,951</u>	<u>2,141,951</u>	<u>2,027,914</u>	<u>(114,037)</u>
Net change in fund balance	(1,649,539)	(1,649,539)	797,996	2,447,535
Fund balance at beginning of year	7,895,732	7,895,732	9,276,656	1,380,924
Fund balance at end of year	<u>\$ 6,246,193</u>	<u>\$ 6,246,193</u>	<u>10,074,652</u>	<u>\$ 3,828,459</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			182,600	
Total GAAP Fund Balance			<u>\$ 10,257,252</u>	

See notes to financial statements

CITY OF FOREST GROVE
STREET FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local taxes	\$ -	\$ -	\$ 454,157	\$ 454,157
Licenses, permits and fees	2,500	2,500	-	(2,500)
Charges for services	173,000	173,000	194,627	21,627
Intergovernmental	3,877,679	3,877,679	2,272,390	(1,605,289)
Interest	-	-	116,445	116,445
Miscellaneous	194,600	194,600	687	(193,913)
Total revenues	<u>4,247,779</u>	<u>4,247,779</u>	<u>3,038,306</u>	<u>(1,209,473)</u>
Expenditures				
Street services	4,377,561	4,377,561	2,758,390	1,619,171
Contingency	300,000	300,000	-	300,000
Total expenditures	<u>4,677,561</u>	<u>4,677,561</u>	<u>2,758,390</u>	<u>1,919,171</u>
Net change in fund balance	(429,782)	(429,782)	279,916	709,698
Fund balance at beginning of year	3,304,884	3,304,884	3,461,019	156,135
Fund balance at end of year	<u>\$ 2,875,102</u>	<u>\$ 2,875,102</u>	<u>3,740,935</u>	<u>\$ 865,833</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			66,206	
Total GAAP Fund Balance			<u>\$ 3,807,141</u>	

CITY OF FOREST GROVE
URBAN RENEWAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 857,681	\$ 857,681	\$ 895,820	\$ 38,139
Interest	19,000	19,000	147,744	128,744
Total revenues	<u>876,681</u>	<u>876,681</u>	<u>1,043,564</u>	<u>166,883</u>
Expenditures				
URA Program	1,502,210	1,502,210	1,603,696	(101,486)
Debt service	-	-	124,957	(124,957)
Total expenditures	<u>1,502,210</u>	<u>1,502,210</u>	<u>1,728,653</u>	<u>(226,443)</u>
Excess (deficiency) of revenues over expenditures	<u>(625,529)</u>	<u>(625,529)</u>	<u>(685,089)</u>	<u>(59,560)</u>
Other financing sources (uses)				
Loan Proceeds	-	-	4,250,000	4,250,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,250,000</u>	<u>4,250,000</u>
Net change in fund balance	(625,529)	(625,529)	3,564,911	4,190,440
Fund balance at beginning of year	-	-	639,225	639,225
Fund balance at end of year	<u>\$ (625,529)</u>	<u>\$ (625,529)</u>	<u>4,204,136</u>	<u>\$ 4,829,665</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			73,141	
Total GAAP Fund Balance			<u>\$ 4,277,277</u>	

See notes to financial statements

CITY OF FOREST GROVE
AMERICAN RESCUE PLAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ -	\$ -	\$ 15,436	\$ 15,436
Miscellaneous	10,000	15,435	-	(15,435)
Total revenues	<u>10,000</u>	<u>15,435</u>	<u>15,436</u>	<u>1</u>
Expenditures				
ARPA Program	1,212,500	1,411,665	1,411,665	-
Total expenditures	<u>1,212,500</u>	<u>1,411,665</u>	<u>1,411,665</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,202,500)</u>	<u>(1,396,230)</u>	<u>(1,396,229)</u>	<u>1</u>
Other financing sources (uses)				
Transfers out	(197,500)	(83,463)	(83,463)	-
Total other financing sources (uses)	<u>(197,500)</u>	<u>(83,463)</u>	<u>(83,463)</u>	<u>-</u>
Net change in fund balance	(1,400,000)	(1,479,693)	(1,479,692)	1
Fund balance at beginning of year	<u>1,400,000</u>	<u>1,479,693</u>	<u>1,479,692</u>	<u>(1)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			-	
Total GAAP Fund Balance			<u>\$ -</u>	

See notes to financial statements

CITY OF FOREST GROVE
TRANSPORTATION DEVELOPMENT TAX - CAPITAL PROJECTS FUND (MAJOR FUND)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Other local taxes	\$ 750,000	\$ 1,624,154	\$ 874,154
Interest	-	447,303	447,303
Miscellaneous	395,000	-	(395,000)
Total revenues	1,145,000	2,071,457	926,457
Expenditures			
Transportation Development Tax program	12,886,159	1,157,556	11,728,603
Net change in fund balance	(11,741,159)	913,901	12,655,060
Fund balance at beginning of year	11,741,159	12,879,167	1,138,008
Fund balance at end of year	\$ -	13,793,068	\$ 13,793,068
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		241,624	
Total GAAP Fund Balance		\$ 14,034,692	

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue	Capital Projects	Permanent Library Endowment	Total
Assets				
Cash and cash equivalents	\$ 2,573,092	\$ 2,768,914	\$ 41,256	\$ 5,383,262
Investments	3,623,962	3,948,511	58,832	7,631,305
Accrued interest receivable	36,297	29,486	741	66,524
Receivables	21,653	125,552	-	147,205
Total assets	\$ 6,255,004	\$ 6,872,463	\$ 100,829	\$ 13,228,296
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 68,415	\$ 41,216	\$ -	\$ 109,631
Total liabilities	68,415	41,216	-	109,631
Deferred inflows of resources				
Unavailable revenue	9,131	50,967	-	60,098
Total deferred inflows of resources	9,131	50,967	-	60,098
Fund balances				
Nonspendable	-	-	41,186	41,186
Restricted for:				
Building operations	5,677,517	-	-	5,677,517
Capital projects	117,659	5,630,001	-	5,747,660
Community enhancement	75,119	-	-	75,119
Tourism	171,881	-	-	171,881
Other	-	-	59,643	59,643
Committed for:				
Highways and streets	135,282	-	-	135,282
Capital projects	-	788,586	-	788,586
Assigned for:				
Capital projects	-	361,693	-	361,693
Unassigned	-	-	-	-
Total fund balances	6,177,458	6,780,280	100,829	13,058,567
Total liabilities, deferred inflows of resources and fund balances	\$ 6,255,004	\$ 6,872,463	\$ 100,829	\$ 13,228,296

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	Special Revenue	Capital Projects	Permanent Library Endowment	Total
Revenues				
Other local taxes	\$ 139,671	\$ -	\$ -	\$ 139,671
Licenses, permits and fees	3,634,121	410,899	-	4,045,020
Charges for services	10	-	-	10
Donations	480	-	-	480
System development charges	-	1,220,030	-	1,220,030
Intergovernmental	271,578	106,032	-	377,610
Interest	284,913	312,626	4,052	601,591
Miscellaneous	-	3,447	51,963	55,410
Total revenues	4,330,773	2,053,034	56,015	6,439,822
Expenditures				
Current				
General government	1,627,856	17,430	-	1,645,286
Public safety	-	-	-	-
Highways and streets	211,288	-	-	211,288
Culture and recreation	102,080	-	-	102,080
Capital outlay	162,600	1,134,642	-	1,297,242
Total expenditures	2,103,824	1,152,072	-	3,255,896
Excess (deficiency) of revenues over expenditures	2,226,949	900,962	56,015	3,183,926
Other financing sources (uses)				
Transfers in	-	212,000	-	212,000
Transfers out	(146,185)	(376,430)	-	(522,615)
Total other financing sources (uses)	(146,185)	(164,430)	-	(310,615)
Net change in fund balances	2,080,764	736,532	56,015	2,873,311
Fund balances at beginning of year	4,096,694	6,043,748	44,814	10,185,256
Fund balance at end of year	\$ 6,177,458	\$ 6,780,280	\$ 100,829	\$ 13,058,567

See notes to financial statements

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2025

	Building Permits	Street Tree	Assessment	Trail Systems	Transpor- tation Services	Community Enhancement	Public Arts Donations	Transient Lodging Tax	Total
Assets									
Cash and cash equivalents	\$ 2,353,096	\$ 42,520	\$ -	\$ 52,369	\$ 31,770	\$ 26,091	\$ 5,348	\$ 61,898	\$ 2,573,092
Investments	3,355,547	60,635	-	74,680	-	37,206	7,626	88,268	3,623,962
Accrued interest receivable	25,153	455	9,131	560	-	279	57	662	36,297
Receivables	-	-	-	-	-	-	-	21,653	21,653
Total assets	\$ 5,733,796	\$ 103,610	\$ 9,131	\$ 127,609	\$ 31,770	\$ 63,576	\$ 13,031	\$ 172,481	\$ 6,255,004
Liabilities, deferred inflows and fund balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 56,279	\$ -	\$ -	\$ 9,950	\$ 98	\$ 1,488	\$ -	\$ 600	\$ 68,415
Total liabilities	56,279	-	-	9,950	98	1,488	-	600	68,415
Deferred inflows of resources									
Unavailable revenue	-	-	9,131	-	-	-	-	-	9,131
Total deferred inflows of resources	-	-	9,131	-	-	-	-	-	9,131
Fund balances									
Restricted for:									
Building operations	5,677,517	-	-	-	-	-	-	-	5,677,517
Capital projects	-	-	-	117,659	-	-	-	-	117,659
Community enhancement	-	-	-	-	-	62,088	13,031	-	75,119
Tourism	-	-	-	-	-	-	-	171,881	171,881
Committed for:									
Highways and streets	-	103,610	-	-	31,672	-	-	-	135,282
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	5,677,517	103,610	-	117,659	31,672	62,088	13,031	171,881	6,177,458
Total liabilities, deferred inflows of resources and fund balances	\$ 5,733,796	\$ 103,610	\$ 9,131	\$ 127,609	\$ 31,770	\$ 63,576	\$ 13,031	\$ 172,481	\$ 6,255,004

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2025

	Building Permits	Street Tree	Trail Systems	Transportation Services	Community Enhancement	Public Arts Donation	Transient Lodging Tax	Total
Revenues								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,671	\$ 139,671
Licenses, permits and fees	3,539,066	95,055	-	-	-	-	-	3,634,121
Charges for services	10	-	-	-	-	-	-	10
Donations	-	-	-	-	-	480	-	480
Intergovernmental	-	-	-	172,218	99,360	-	-	271,578
Interest	264,020	3,708	1,253	-	710	144	15,078	284,913
Total revenues	<u>3,803,096</u>	<u>98,763</u>	<u>1,253</u>	<u>172,218</u>	<u>100,070</u>	<u>624</u>	<u>154,749</u>	<u>4,330,773</u>
Expenditures								
Current								
General government	1,398,450	-	-	-	115,318	-	114,088	1,627,856
Highways and streets	-	46,080	-	165,208	-	-	-	211,288
Culture and recreation	-	-	96,461	-	-	5,619	-	102,080
Capital outlay	-	-	-	-	-	-	162,600	162,600
Total expenditures	<u>1,398,450</u>	<u>46,080</u>	<u>96,461</u>	<u>165,208</u>	<u>115,318</u>	<u>5,619</u>	<u>276,688</u>	<u>2,103,824</u>
Excess (deficiency) of revenues over expenditures	<u>2,404,646</u>	<u>52,683</u>	<u>(95,208)</u>	<u>7,010</u>	<u>(15,248)</u>	<u>(4,995)</u>	<u>(121,939)</u>	<u>2,226,949</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(85,930)	(1,200)	-	-	(8,930)	-	(50,125)	(146,185)
Total other financing sources (uses)	<u>(85,930)</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>(8,930)</u>	<u>-</u>	<u>(50,125)</u>	<u>(146,185)</u>
Net change in fund balances	2,318,716	51,483	(95,208)	7,010	(24,178)	(4,995)	(172,064)	2,080,764
Fund balances at beginning of year	<u>3,358,801</u>	<u>52,127</u>	<u>212,867</u>	<u>24,662</u>	<u>86,266</u>	<u>18,026</u>	<u>343,945</u>	<u>4,096,694</u>
Fund balance at end of year	<u>\$ 5,677,517</u>	<u>\$ 103,610</u>	<u>\$ 117,659</u>	<u>\$ 31,672</u>	<u>\$ 62,088</u>	<u>\$ 13,031</u>	<u>\$ 171,881</u>	<u>\$ 6,177,458</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2025

	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
Assets							
Cash and cash equivalents	\$ 55,594	\$ 2,264,947	\$ 645	\$ 152,726	\$ 59,398	\$ 235,604	\$ 2,768,914
Investments	79,278	3,229,847	920	217,789	84,702	335,975	3,948,511
Accrued interest receivable	789	23,677	79	1,937	1,087	1,917	29,486
Receivables	-	-	-	-	50,967	74,585	125,552
Total assets	\$ 135,661	\$ 5,518,471	\$ 1,644	\$ 372,452	\$ 196,154	\$ 648,081	\$ 6,872,463
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable and accrued liabilities	-	24,131	-	12,403	-	4,682	41,216
Total liabilities	-	24,131	-	12,403	-	4,682	41,216
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	50,967	-	50,967
Total deferred inflows of resources	-	-	-	-	50,967	-	50,967
Fund balances							
Restricted for capital projects	135,661	5,494,340	-	-	-	-	5,630,001
Committed for capital projects	-	-	-	-	145,187	643,399	788,586
Assigned for capital projects	-	-	1,644	360,049	-	-	361,693
Total fund balances	135,661	5,494,340	1,644	360,049	145,187	643,399	6,780,280
Total liabilities, deferred inflows of resources and fund balances	\$ 135,661	\$ 5,518,471	\$ 1,644	\$ 372,452	\$ 196,154	\$ 648,081	\$ 6,872,463

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2025

	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
Revenues							
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ 410,899	\$ -	\$ 410,899
System development charges	-	1,220,030	-	-	-	-	1,220,030
Intergovernmental	22,080	-	-	-	-	83,952	106,032
Interest	4,694	258,527	113	18,985	5,227	25,080	312,626
Miscellaneous	-	-	-	3,447	-	-	3,447
Total revenues	<u>26,774</u>	<u>1,478,557</u>	<u>113</u>	<u>22,432</u>	<u>416,126</u>	<u>109,032</u>	<u>2,053,034</u>
Expenditures							
Current							
General government	-	-	17,430	-	-	-	17,430
Capital outlay	-	452,625	-	380,647	152,199	149,171	1,134,642
Total expenditures	<u>-</u>	<u>452,625</u>	<u>17,430</u>	<u>380,647</u>	<u>152,199</u>	<u>149,171</u>	<u>1,152,072</u>
Excess (deficiency) of revenues over expenditures	<u>26,774</u>	<u>1,025,932</u>	<u>(17,317)</u>	<u>(358,215)</u>	<u>263,927</u>	<u>(40,139)</u>	<u>900,962</u>
Other financing sources (uses)							
Transfers in	-	-	18,000	-	-	194,000	212,000
Transfers out	-	-	-	(18,000)	(358,430)	-	(376,430)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>(18,000)</u>	<u>(358,430)</u>	<u>194,000</u>	<u>(164,430)</u>
Net change in fund balances	26,774	1,025,932	683	(376,215)	(94,503)	153,861	736,532
Fund balances at beginning of year	<u>108,887</u>	<u>4,468,408</u>	<u>961</u>	<u>736,264</u>	<u>239,690</u>	<u>489,538</u>	<u>6,043,748</u>
Fund balance at end of year	<u>\$ 135,661</u>	<u>\$ 5,494,340</u>	<u>\$ 1,644</u>	<u>\$ 360,049</u>	<u>\$ 145,187</u>	<u>\$ 643,399</u>	<u>\$ 6,780,280</u>

See notes to financial statements

CITY OF FOREST GROVE
BUILDING PERMITS - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Final	Actual	Variance
Revenues				
Licenses, permits and fees	\$ 829,331	\$ 1,129,331	\$ 3,539,066	\$ 2,409,735
Charges for services	300	300	10	(290)
Interest	-	-	180,837	180,837
Miscellaneous	25,000	25,000	-	(25,000)
	<u>854,631</u>	<u>1,154,631</u>	<u>3,719,913</u>	<u>2,565,282</u>
Expenditures				
Building permit services	1,310,028	1,610,028	1,398,450	211,578
Contingency	400,000	400,000	-	400,000
	<u>1,710,028</u>	<u>2,010,028</u>	<u>1,398,450</u>	<u>611,578</u>
Excess (deficiency) of revenues over expenditures	<u>(855,397)</u>	<u>(855,397)</u>	<u>2,321,463</u>	<u>3,176,860</u>
Other financing sources (uses)				
Transfers out	(85,930)	(85,930)	(85,930)	-
Net change in fund balance	(941,327)	(941,327)	2,235,533	3,176,860
Fund balance at beginning of year	2,846,904	2,846,904	3,343,915	497,011
Fund balance at end of year	<u>\$ 1,905,577</u>	<u>\$ 1,905,577</u>	<u>5,579,448</u>	<u>\$ 3,673,871</u>
Reconciliation to GAAP Fund Balance:				
Fair Value adjustment of Investments			98,069	
Total GAAP Fund Balance			<u>\$ 5,677,517</u>	

CITY OF FOREST GROVE
STREET TREE - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 34,000	\$ 95,055	\$ 61,055
Interest	-	2,163	2,163
Miscellaneous	20	-	(20)
Total revenues	34,020	97,218	63,198
Expenditures			
Street Tree Program	86,157	46,080	40,077
Total expenditures	86,157	46,080	40,077
Excess (deficiency) of revenues over expenditures	(52,137)	51,138	103,275
Other financing sources (uses)			
Transfers out	(1,200)	(1,200)	-
Total other financing sources (uses)	(1,200)	(1,200)	-
Net change in fund balance	(53,337)	49,938	103,275
Fund balance at beginning of year	53,337	51,898	(1,439)
Fund balance at end of year	\$ -	101,836	\$ 101,836
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		1,773	
Total GAAP Fund Balance		\$ 103,609	

See notes to financial statements

CITY OF FOREST GROVE
TRAIL SYSTEM - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Miscellaneous	\$ 4,500	\$ -	\$ (4,500)
Total revenues	4,500	-	(4,500)
Expenditures			
Trail System Program	223,983	96,461	127,522
Total expenditures	223,983	96,461	127,522
Net change in fund balance	(219,483)	(96,461)	123,022
Fund balance at beginning of year	219,483	211,937	(7,546)
Fund balance at end of year	\$ -	115,476	\$ 115,476
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		2,183	
Total GAAP Fund Balance		\$ 117,659	

See notes to financial statements

CITY OF FOREST GROVE
TRANSPORTATION SERVICES - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 350,000	\$ 172,218	\$ (177,782)
Total revenues	<u>350,000</u>	<u>172,218</u>	<u>(177,782)</u>
Expenditures			
Transportation Services Program	<u>350,000</u>	<u>165,208</u>	<u>184,792</u>
Total expenditures	<u>350,000</u>	<u>165,208</u>	<u>184,792</u>
Net change in fund balance	-	7,010	7,010
Fund balance at beginning of year	<u>-</u>	<u>24,662</u>	<u>24,662</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 31,672</u>	<u>\$ 31,672</u>

CITY OF FOREST GROVE
COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 127,500	\$ 99,360	\$ (28,140)
Total revenues	127,500	99,360	(28,140)
Expenditures			
Materials and services	162,478	115,318	47,160
Total expenditures	162,478	115,318	47,160
Excess (deficiency) of revenues over expenditures	(34,978)	(15,958)	19,020
Other financing sources (uses)			
Transfers out	(8,930)	(8,930)	-
Total other financing sources (uses)	(8,930)	(8,930)	-
Net change in fund balance	(43,908)	(24,888)	19,020
Fund balance at beginning of year	43,908	85,889	41,981
Fund balance at end of year	\$ -	61,001	\$ 61,001
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		1,087	
Total GAAP Fund Balance		\$ 62,088	

CITY OF FOREST GROVE
PUBLIC ARTS DONATION - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Donations	\$ -	\$ 480	\$ 480
Miscellaneous	1,600	-	(1,600)
Total revenues	1,600	480	(1,120)
Expenditures			
Public Arts Donations Program	19,637	5,619	14,018
Total expenditures	19,637	5,619	14,018
Net change in fund balance	(18,037)	(5,139)	12,898
Fund balance at beginning of year	18,037	17,947	(90)
Fund balance at end of year	\$ -	12,808	\$ 12,808
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		223	
Total GAAP Fund Balance		\$ 13,031	

CITY OF FOREST GROVE
TRANSIENT LODGING TAX - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Other local taxes	\$ 135,000	\$ 139,671	\$ 4,671
Interest	-	13,884	13,884
Miscellaneous	10,000	-	(10,000)
	145,000	153,555	8,555
Expenditures			
Transient Lodging Tax Program	402,347	276,688	125,659
	402,347	276,688	125,659
Excess (deficiency) of revenues over expenditures	(257,347)	(123,133)	134,214
Other financing sources (uses)			
Transfers out	(50,125)	(50,125)	-
	(50,125)	(50,125)	-
Net change in fund balance	(307,472)	(173,258)	134,214
Fund balance at beginning of year	307,472	342,559	35,087
Fund balance at end of year	\$ -	169,301	\$ 169,301
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		2,580	
Total GAAP Fund Balance		\$ 171,881	

See notes to financial statements

CITY OF FOREST GROVE
BIKE AND PEDESTRIAN PATHWAYS - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 22,128	\$ 22,080	\$ (48)
Interest	-	2,658	2,658
Miscellaneous	2,500	-	(2,500)
Total revenues	24,628	24,738	110
Expenditures			
Bike and Ped. Pathways Program	132,311	-	132,311
Total expenditures	132,311	-	132,311
Net change in fund balance	(107,683)	24,738	132,421
Fund balance at beginning of year	107,683	108,411	728
Fund balance at end of year	\$ -	133,149	\$ 133,149
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		2,512	
Total GAAP Fund Balance		\$ 135,661	

CITY OF FOREST GROVE
PARK ACQUISITION AND DEVELOPMENT - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
System development charges	\$ 350,000	\$ 1,220,030	\$ 870,030
Intergovernmental	200,000	-	(200,000)
Interest	-	184,233	184,233
Miscellaneous	40,000	-	(40,000)
Total revenues	590,000	1,404,263	814,263
Expenditures			
Park system construction	4,605,467	452,625	4,152,842
Total expenditures	4,605,467	452,625	4,152,842
Net change in fund balance	(4,015,467)	951,638	4,967,105
Fund balance at beginning of year	4,015,467	4,448,841	433,374
Fund balance at end of year	\$ -	5,400,479	\$ 5,400,479
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		93,861	
Total GAAP Fund Balance		\$ 5,494,340	

CITY OF FOREST GROVE
CAPITAL PROJECTS - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 18	\$ 18
Total revenues	-	18	18
Expenditures			
Debt Service	17,430	17,430	-
Capital Projects Program	1,391	-	1,391
Total expenditures	18,821	17,430	1,391
Excess (deficiency) of revenues over expenditures	(18,821)	(17,412)	1,409
Other financing sources (uses)			
Transfers in	18,000	18,000	-
Total other financing sources (uses)	18,000	18,000	-
Net change in fund balance	(821)	588	1,409
Fund balance at beginning of year	821	957	136
Fund balance at end of year	\$ -	1,545	\$ 1,545
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		99	
Total GAAP Fund Balance		\$ 1,644	

See notes to financial statements

CITY OF FOREST GROVE
FACILITY MAJOR MAINTENANCE - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ -	\$ 18,986	\$ 18,986
Miscellaneous	12,000	-	(12,000)
Total revenues	<u>12,000</u>	<u>18,986</u>	<u>6,986</u>
Expenditures			
Capital outlay	<u>709,843</u>	<u>380,647</u>	<u>329,196</u>
Total expenditures	<u>709,843</u>	<u>380,647</u>	<u>329,196</u>
Excess (deficiency) of revenues over expenditures	(697,843)	(361,661)	336,182
Other financing sources (uses)			
Transfers out	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
Net change in fund balance	(715,843)	(379,661)	336,182
Fund balance at beginning of year	<u>715,843</u>	<u>733,040</u>	<u>17,197</u>
Fund balance at end of year	<u>\$ -</u>	<u>353,379</u>	<u>\$ 353,379</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		6,670	
Total GAAP Fund Balance		<u>\$ 360,049</u>	

CITY OF FOREST GROVE
CIP EXCISE - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 400,000	\$ 410,899	\$ 10,899
Interest	-	3,396	3,396
Miscellaneous	8,000	-	(8,000)
	408,000	414,295	6,295
Expenditures			
Capital outlay	304,259	152,199	152,060
	304,259	152,199	152,060
Excess (deficiency) of revenues over expenditures	103,741	262,096	158,355
Other financing sources (uses)			
Transfers in		-	-
Transfers out	(358,430)	(358,430)	-
	(358,430)	(358,430)	-
Net change in fund balance	(254,689)	(96,334)	158,355
Fund balance at beginning of year	254,689	238,593	(16,096)
Fund balance at end of year	\$ -	142,259	\$ 142,259
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		2,928	
Total GAAP Fund Balance		\$ 145,187	

CITY OF FOREST GROVE
FIRE EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 113,000	\$ 83,952	\$ (29,048)
Interest	-	17,731	17,731
Miscellaneous	7,500	-	(7,500)
Total revenues	120,500	101,683	(18,817)
Expenditures			
Fire Equipment Replacement Program	226,000	149,171	76,829
Contingency	42,000	-	42,000
Total expenditures	268,000	149,171	118,829
Excess (deficiency) of revenues over expenditures	(147,500)	(47,488)	100,012
Other financing sources (uses)			
Transfers in	194,000	194,000	-
Total other financing sources (uses)	194,000	194,000	-
Net change in fund balance	46,500	146,512	100,012
Fund balance at beginning of year	474,592	487,669	13,077
Fund balance at end of year	\$ 521,092	634,181	\$ 113,089
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		9,218	
Total GAAP Fund Balance		\$ 643,399	

CITY OF FOREST GROVE
LIBRARY ENDOWMENT - PERMANENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Interest	\$ -	\$ 2,228	\$ 2,228
Miscellaneous	1,500	51,963	50,463
Total revenues	1,500	54,191	52,691
Expenditures			
Library Endowment Program	4,897	-	4,897
Total expenditures	4,897	-	4,897
Net change in fund balance	(3,397)	54,191	57,588
Fund balance at beginning of year	44,584	44,619	35
Fund balance at end of year	\$ 41,187	98,810	\$ 57,623
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		2,019	
Total GAAP Fund Balance		\$ 100,829	

See notes to financial statements

CITY OF FOREST GROVE
LIGHT - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Charges for services	\$ 25,190,396	\$ 25,190,396	\$ 26,254,610	\$ 1,064,214
Intergovernmental	430,000	430,000	676,722	246,722
Interest	-	-	263,081	263,081
Miscellaneous	880,474	880,474	6,235,261	5,354,787
Total revenues	<u>26,500,870</u>	<u>26,500,870</u>	<u>33,429,674</u>	<u>6,928,804</u>
Expenditures				
Electric services	27,474,731	27,474,731	30,244,418	(2,769,687)
Debt service	305,800	305,800	305,800	-
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>28,780,531</u>	<u>28,780,531</u>	<u>30,550,218</u>	<u>(1,769,687)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,279,661)</u>	<u>(2,279,661)</u>	<u>2,879,456</u>	<u>5,159,117</u>
Other financing sources (uses)				
Transfers out	<u>(1,446,520)</u>	<u>(1,446,520)</u>	<u>(1,435,968)</u>	<u>10,552</u>
Total other financing sources (uses)	<u>(1,446,520)</u>	<u>(1,446,520)</u>	<u>(1,435,968)</u>	<u>10,552</u>
Net change in fund balance	(3,726,181)	(3,726,181)	1,443,488	5,169,669
Fund balance at beginning of year	<u>7,936,966</u>	<u>7,936,966</u>	<u>8,915,128</u>	<u>978,162</u>
Fund balance at end of year	<u>\$ 4,210,785</u>	<u>\$ 4,210,785</u>	<u>10,358,616</u>	<u>\$ 6,147,831</u>
Reconciliation to GAAP Fund Balance:				
Capital Assets			30,947,157	
Deferred Outflows			1,160,955	
Deferred Inflows			(758,404)	
Accrued Compensated Absences			(512,398)	
Notes Payable			(1,702,000)	
Pension and OPEB Liabilities			(7,354,373)	
Inventory			1,294,880	
Fair Value Adjustment of Investments			256,254	
Total GAAP Fund Balance			<u><u>\$ 33,690,687</u></u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
SEWER FUND
June 30, 2025

	Sewer	Sewer System Development Charges	Total Sewer Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 2,587,629	\$ 807,735	\$ 3,395,364
Investments	3,689,995	1,151,842	4,841,837
Accrued interest receivable	27,987	8,349	36,336
Receivables, net	867,829	715	868,544
Prepaid items	665	-	665
Total current assets	7,174,105	1,968,641	9,142,746
Capital assets			
Land and construction in progress	81,023	-	81,023
Other capital assets, net	12,082,790	-	12,082,790
Total capital assets	12,163,813	-	12,163,813
Total assets	19,337,918	1,968,641	21,306,559
Deferred outflows of resources			
Pension related items	74,121	-	74,121
Other postemployment benefit related items	19,989	-	19,989
Total deferred outflows of resources	94,110	-	94,110
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	763,432	77,633	841,065
Accrued interest payable	-	9,332	9,332
Long-term obligations due within one year	197,151	-	197,151
Total current liabilities	960,583	86,965	1,047,548
Noncurrent liabilities			
Net pension liability	556,450	-	556,450
OPEB liability	33,211	-	33,211
Notes payable	1,223,508	-	1,223,508
Total noncurrent liabilities	1,813,169	-	1,813,169
Total liabilities	2,773,752	86,965	2,860,717
Deferred inflows of resources			
Pension related items	47,717	-	47,717
Other postemployment benefit related items	13,814	-	13,814
Total deferred inflows of resources	61,531	-	61,531
Net position			
Net investment in capital assets	12,163,813	-	12,163,813
Restricted for capital projects	-	1,881,676	1,881,676
Unrestricted	4,432,932	-	4,432,932
Total net position	\$ 16,596,745	\$ 1,881,676	\$ 18,478,421

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
SEWER FUND
Year Ended June 30, 2025

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
Operating revenues				
Licenses, permits and fees	\$ -	\$ 2,924	\$ -	\$ 2,924
Charges for services	2,069,960	-	-	2,069,960
Total operating revenues	<u>2,069,960</u>	<u>2,924</u>	<u>-</u>	<u>2,072,884</u>
Operating expenses				
Personnel services	323,500	-	-	323,500
Materials and services	1,152,681	101	-	1,152,782
Depreciation	365,006	-	-	365,006
Total operating expenses	<u>1,841,187</u>	<u>101</u>	<u>-</u>	<u>1,841,288</u>
Operating income (loss)	<u>228,773</u>	<u>2,823</u>	<u>-</u>	<u>231,596</u>
Nonoperating revenues (expenses)				
Interest income	298,216	97,705	-	395,921
Miscellaneous	12,330	-	-	12,330
Interest expense	(218,514)	-	-	(218,514)
Total nonoperating revenue (expenses)	<u>92,032</u>	<u>97,705</u>	<u>-</u>	<u>189,737</u>
Income (loss) before transfers and capital contributions	320,805	100,528	-	421,333
Capital contributions	1,442,001	292,536	-	1,734,537
Transfers in	218,514	-	(218,514)	-
Transfers out	(115,973)	(218,514)	218,514	(115,973)
Change in net position	1,865,347	174,550	-	2,039,897
Net position at beginning of year	<u>14,731,398</u>	<u>1,707,126</u>	<u>-</u>	<u>16,438,524</u>
Net position at end of year	<u>\$ 16,596,745</u>	<u>\$ 1,881,676</u>	<u>\$ -</u>	<u>\$ 18,478,421</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
SEWER FUND
Year Ended June 30, 2025

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
Cash flows from operating activities				
Receipts from customers	\$ 2,032,316	\$ 2,970	\$ -	\$ 2,035,286
Payments to suppliers	(1,578,834)	(28,542)	-	(1,607,376)
Payments to employees	(382,266)	-	-	(382,266)
Net cash from operating activities	<u>71,216</u>	<u>(25,572)</u>	<u>-</u>	<u>45,644</u>
Cash flows from noncapital financing activities				
Transfers out	(115,973)	-	-	(115,973)
Net cash from noncapital financing activities	<u>(115,973)</u>	<u>-</u>	<u>-</u>	<u>(115,973)</u>
Cash flows from capital and related financing activities				
System development charges received	-	292,536	-	292,536
Other	12,330	-	-	12,330
Acquisition of capital assets	-	-	-	-
Principal paid on long-term obligations	-	(193,991)	-	(193,991)
Interest paid on long-term obligations	-	(27,552)	-	(27,552)
Net cash from capital and related financing activities	<u>12,330</u>	<u>70,993</u>	<u>-</u>	<u>83,323</u>
Cash flows from investing activities				
Interest on investments	294,677	96,742	-	391,419
Purchases of investments	32,866	(27,061)	-	5,805
Net cash from investing activities	<u>327,543</u>	<u>69,681</u>	<u>-</u>	<u>397,224</u>
Net increase (decrease) in cash and cash equivalents	295,116	115,102	-	410,218
Cash and cash equivalents at beginning of year	<u>2,292,513</u>	<u>692,633</u>	<u>-</u>	<u>2,985,146</u>
Cash and cash equivalents at end of year	<u>\$ 2,587,629</u>	<u>\$ 807,735</u>	<u>\$ -</u>	<u>\$ 3,395,364</u>
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	\$ 228,773	\$ 2,823	\$ -	\$ 231,596
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	365,006	-	-	365,006
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(37,644)	46	-	(37,598)
Prepaid items	(26)	-	-	(26)
Pension related items	33,135	-	-	33,135
Other postemployment benefit related items	(17,249)	-	-	(17,249)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(426,127)	(28,441)	-	(454,568)
Net pension liability	(138,356)	-	-	(138,356)
Net other postemployment benefits liability	15,010	-	-	15,010
Pension related items	45,211	-	-	45,211
Other postemployment benefit related items	3,483	-	-	3,483
Net cash from operating activities	<u>\$ 71,216</u>	<u>\$ (25,572)</u>	<u>\$ -</u>	<u>\$ 45,644</u>

See notes to financial statements

CITY OF FOREST GROVE
SEWER - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Charges for services	\$ 2,037,749	\$ 2,037,749	\$ 2,069,960	\$ 32,211
Interest	-	-	216,433	216,433
Miscellaneous	<u>150,000</u>	<u>150,000</u>	<u>12,330</u>	<u>(137,670)</u>
Total revenues	<u>2,187,749</u>	<u>2,187,749</u>	<u>2,298,723</u>	<u>110,974</u>
Expenditures				
Sewer service	1,992,839	2,002,839	1,534,947	457,892
Contingency	<u>750,000</u>	<u>740,000</u>	-	<u>750,000</u>
Total expenditures	<u>2,742,839</u>	<u>2,742,839</u>	<u>1,534,947</u>	<u>1,207,892</u>
Excess (deficiency) of revenues over expenditures	<u>(555,090)</u>	<u>(555,090)</u>	<u>763,776</u>	<u>1,318,866</u>
Other financing sources (uses)				
Transfers out	<u>(115,973)</u>	<u>(115,973)</u>	<u>(115,973)</u>	<u>-</u>
Total other financing sources (uses)	<u>(115,973)</u>	<u>(115,973)</u>	<u>(115,973)</u>	<u>-</u>
Net change in fund balance	(671,063)	(671,063)	647,803	1,318,866
Fund balance at beginning of year	<u>5,418,070</u>	<u>5,418,070</u>	<u>5,654,700</u>	<u>236,630</u>
Fund balance at end of year	<u>\$ 4,747,007</u>	<u>\$ 4,747,007</u>	<u>6,302,503</u>	<u>\$ 1,555,496</u>
Reconciliation to GAAP Fund Balance:				
Capital Assets			12,163,813	
Deferred Outflows			94,110	
Deferred Inflows			(61,531)	
Notes Payable			(1,420,659)	
Pension and OPEB Liabilities			(589,661)	
Fair Value Adjustment of Investments			108,170	
Total GAAP Fund Balance			<u>\$ 16,596,745</u>	

CITY OF FOREST GROVE
SEWER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ -	\$ 2,924	\$ 2,924
System development charges	120,000	292,536	172,536
Interest	-	69,270	69,270
Miscellaneous	37,000	-	(37,000)
	<u>157,000</u>	<u>364,730</u>	<u>207,730</u>
Expenditures			
Sewer infrastructure construction	250,000	101	249,899
Debt service	224,260	218,514	5,746
Contingency	61,500	-	61,500
	<u>535,760</u>	<u>218,615</u>	<u>317,145</u>
Excess (deficiency) of revenues over expenditures	<u>(378,760)</u>	<u>146,115</u>	<u>524,875</u>
Net change in fund balance	(378,760)	146,115	524,875
Fund balance at beginning of year	<u>1,550,200</u>	<u>1,711,515</u>	<u>161,315</u>
Fund balance at end of year	<u>\$ 1,171,440</u>	<u>1,857,630</u>	<u>\$ 686,190</u>
Reconciliation to GAAP Fund Balance:			
Fair Value adjustment of Investments		24,046	
Total GAAP Fund Balance		<u>\$ 1,881,676</u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
WATER FUND
June 30, 2025

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Total Water Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 8,353,966	\$ 4,511,638	\$ 12,865,604
Investments	11,912,873	6,433,660	18,346,533
Accrued interest receivable	89,568	48,307	137,875
Receivables, net	779,686	-	779,686
Inventory	293,160	-	293,160
Prepaid items	406	-	406
	<u>21,429,659</u>	<u>10,993,605</u>	<u>32,423,264</u>
Total current assets			
Investment in joint ventures	<u>5,429,988</u>	-	<u>5,429,988</u>
Capital assets			
Land and construction in progress	2,822,093	-	2,822,093
Other capital assets, net	<u>11,646,808</u>	-	<u>11,646,808</u>
Total capital assets	<u>14,468,901</u>	-	<u>14,468,901</u>
Total assets	<u>41,328,548</u>	<u>10,993,605</u>	<u>52,322,153</u>
Deferred outflows of resources			
Pension related items	208,809	-	208,809
Other postemployment benefit related items	<u>82,493</u>	-	<u>82,493</u>
Total deferred outflows of resources	<u>291,302</u>	-	<u>291,302</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	259,175	72,511	331,686
Accrued compensated absences	382,615	-	382,615
Long-term obligations due within one year	<u>49,862</u>	-	<u>49,862</u>
Total current liabilities	<u>691,652</u>	<u>72,511</u>	<u>764,163</u>
Noncurrent liabilities			
Accrued compensated absences	145,661	-	145,661
Net pension liability	1,567,587	-	1,567,587
OPEB liability	137,058	-	137,058
Notes payable	<u>605,423</u>	-	<u>605,423</u>
Total noncurrent liabilities	<u>2,455,729</u>	-	<u>2,455,729</u>
Total liabilities	<u>3,147,381</u>	<u>72,511</u>	<u>3,219,892</u>
Deferred inflows of resources			
Pension related items	134,424	-	134,424
Other postemployment benefit related items	<u>57,011</u>	-	<u>57,011</u>
Total deferred inflows of resources	<u>191,435</u>	-	<u>191,435</u>
Net position			
Net investment in capital assets	13,813,616	-	13,813,616
Restricted for capital projects	-	10,921,094	10,921,094
Unrestricted	<u>24,467,418</u>	-	<u>24,467,418</u>
Total net position	<u>\$ 38,281,034</u>	<u>\$ 10,921,094</u>	<u>\$ 49,202,128</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND
Year Ended June 30, 2025

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
Operating revenues				
Licenses, permits and fees	\$ 4,279	\$ -	\$ -	\$ 4,279
Charges for services	8,197,791	-	-	8,197,791
Total operating revenues	<u>8,202,070</u>	<u>-</u>	<u>-</u>	<u>8,202,070</u>
Operating expenses				
Personnel services	1,394,013	-	-	1,394,013
Materials and services	3,955,054	-	-	3,955,054
Depreciation	489,398	-	-	489,398
Total operating expenses	<u>5,838,465</u>	<u>-</u>	<u>-</u>	<u>5,838,465</u>
Operating income (loss)	<u>2,363,605</u>	<u>-</u>	<u>-</u>	<u>2,363,605</u>
Nonoperating revenues (expenses)				
Interest income	937,441	546,476	-	1,483,917
Miscellaneous	4,159	17,005	-	21,164
Interest expense	(24,621)	-	-	(24,621)
(Loss) on investment in joint venture	(427,206)	-	-	(427,206)
Total nonoperating revenue (expenses)	<u>489,773</u>	<u>563,481</u>	<u>-</u>	<u>1,053,254</u>
Income (loss) before transfers and capital contributions	2,853,378	563,481	-	3,416,859
Capital contributions	1,939,479	679,867	-	2,619,346
Transfers in	-	-	-	-
Transfers out	(387,146)	(1,200)	-	(388,346)
Change in net position	4,405,711	1,242,148	-	5,647,859
Net position at beginning of year	<u>34,201,977</u>	<u>9,678,946</u>	<u>-</u>	<u>43,880,923</u>
Restatement of net position	<u>(326,654)</u>	<u>-</u>	<u>-</u>	<u>(326,654)</u>
Net position at end of year	<u>\$ 38,281,034</u>	<u>\$ 10,921,094</u>	<u>\$ -</u>	<u>\$ 49,202,128</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
WATER FUND
Year Ended June 30, 2025

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
Cash flows from operating activities				
Receipts from customers	\$ 8,112,394	\$ -	\$ -	\$ 8,112,394
Payments to suppliers	(4,021,616)	20,935	-	(4,000,681)
Payments to employees	(1,400,363)	-	-	(1,400,363)
Net cash from operating activities	<u>2,690,415</u>	<u>20,935</u>	<u>-</u>	<u>2,711,350</u>
Cash flows from noncapital financing activities				
Transfers out	(387,146)	(1,200)	-	(388,346)
Cash flows from capital and related financing activities				
System development charges received	-	679,867	-	679,867
Other	4,159	17,005	-	21,164
Acquisition of capital assets	(831,774)	-	-	(831,774)
Principal paid on long-term obligations	(48,177)	-	-	(48,177)
Interest paid on long-term obligations	(24,621)	-	-	(24,621)
Net cash from capital and related financing activities	<u>(900,413)</u>	<u>696,872</u>	<u>-</u>	<u>(203,541)</u>
Cash flows from investing activities				
Interest on investments	920,800	537,557	-	1,458,357
Purchases of investments	(807,999)	(435,905)	-	(1,243,904)
Net cash from investing activities	<u>112,801</u>	<u>101,652</u>	<u>-</u>	<u>214,453</u>
Net increase (decrease) in cash and cash equivalents	1,515,657	818,259	-	2,333,916
Cash and cash equivalents at beginning of year	<u>6,838,309</u>	<u>3,693,379</u>	<u>-</u>	<u>10,531,688</u>
Cash and cash equivalents at end of year	<u>\$ 8,353,966</u>	<u>\$ 4,511,638</u>	<u>\$ -</u>	<u>\$ 12,865,604</u>
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	\$ 2,363,605	\$ -	\$ -	\$ 2,363,605
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	489,398	-	-	489,398
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(89,676)	-	-	(89,676)
Inventories	(10,984)	-	-	(10,984)
Pension related items	64,367	-	-	64,367
Other postemployment benefit related items	(69,441)	-	-	(69,441)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(55,578)	20,935	-	(34,643)
Compensated absences payable	14,590	-	-	14,590
Net pension liability	(202,055)	-	-	(202,055)
Net other postemployment benefits liability	50,351	-	-	50,351
Pension related items	128,041	-	-	128,041
Other postemployment benefit related items	7,797	-	-	7,797
Net cash from operating activities	<u>\$ 2,690,415</u>	<u>\$ 20,935</u>	<u>\$ -</u>	<u>\$ 2,711,350</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
(Loss) on investment in joint venture	(427,206)	-	-	(427,206)
Total noncash transactions	<u>\$ (427,206)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (427,206)</u>

See notes to financial statements

CITY OF FOREST GROVE
WATER - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 5,000	\$ 4,279	\$ (721)
Charges for services	5,924,811	8,197,791	2,272,980
Interest	-	667,717	667,717
Miscellaneous	<u>2,286,050</u>	<u>4,159</u>	<u>(2,281,891)</u>
Total revenues	<u>8,215,861</u>	<u>8,873,946</u>	<u>658,085</u>
Expenditures			
Water services	12,428,474	6,198,175	6,230,299
Debt service	72,805	72,797	8
Contingency	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>13,501,279</u>	<u>6,270,972</u>	<u>7,230,307</u>
Excess (deficiency) of revenues over expenditures	<u>(5,285,418)</u>	<u>2,602,974</u>	<u>7,888,392</u>
Other financing sources (uses)			
Transfers out	<u>(387,146)</u>	<u>(387,146)</u>	<u>-</u>
Total other financing sources (uses)	<u>(387,146)</u>	<u>(387,146)</u>	<u>-</u>
Net change in fund balance	(5,672,564)	2,215,828	7,888,392
Fund balance at beginning of year	<u>17,326,091</u>	<u>18,313,062</u>	<u>986,971</u>
Fund balance at end of year	<u>\$ 11,653,527</u>	<u>20,528,890</u>	<u>\$ 8,875,363</u>
Reconciliation to GAAP Fund Balance:			
Capital Assets		14,468,901	
Deferred Outflows		291,302	
Deferred Inflows		(191,435)	
Long Term Debt		(655,285)	
Accrued Compensated Absences		(528,276)	
Pension and OPEB Liabilities		(1,704,645)	
Inventory		293,160	
Joint Ventures		5,429,988	
Fair Value Adjustment of Investments		348,434	
Total GAAP Fund Balance		<u>\$ 38,281,034</u>	

CITY OF FOREST GROVE
WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
System development charges	\$ 500,000	\$ 1,702,382	\$ 1,202,382
Interest	-	400,878	400,878
Miscellaneous	<u>252,525</u>	<u>17,005</u>	<u>(235,520)</u>
 Total revenues	 <u>752,525</u>	 <u>2,120,265</u>	 <u>1,367,740</u>
Expenditures			
Water infrastructure construction	4,702,359	1,022,515	3,679,844
Contingency	<u>450,000</u>	<u>-</u>	<u>450,000</u>
 Total expenditures	 <u>5,152,359</u>	 <u>1,022,515</u>	 <u>4,129,844</u>
 Excess (deficiency) of revenues over expenditures	 <u>(4,399,834)</u>	 <u>1,097,750</u>	 <u>5,497,584</u>
Other financing sources (uses)			
Transfers out	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(1,200)</u>	 <u>(1,200)</u>	 <u>-</u>
 Net change in fund balance	 (4,401,034)	 1,096,550	 5,497,584
 Fund balance at beginning of year	 <u>10,033,426</u>	 <u>9,636,434</u>	 <u>(396,992)</u>
 Fund balance at end of year	 <u>\$ 5,632,392</u>	 <u>10,732,984</u>	 <u>\$ 5,100,592</u>
 Reconciliation to GAAP Fund Balance:			
Fair Value Adjustment of Investments		188,110	
Total GAAP Fund Balance		<u>\$ 10,921,094</u>	

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
SURFACE WATER MANAGEMENT FUND
June 30, 2025

	<u>Surface Water Management</u>	<u>Surface Water Management System Development Charges</u>	<u>Total Surface Water Management Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 751,846	\$ 343,635	\$ 1,095,481
Investments	1,072,143	490,029	1,562,172
Accrued interest receivable	7,827	3,211	11,038
Receivables, net	216,403	-	216,403
Prepaid items	148	-	148
Total current assets	<u>2,048,367</u>	<u>836,875</u>	<u>2,885,242</u>
Capital assets			
Other capital assets, net	<u>9,720,921</u>	-	<u>9,720,921</u>
Total assets	<u>11,769,288</u>	<u>836,875</u>	<u>12,606,163</u>
Deferred outflows of resources			
Pension related items	92,834	-	92,834
Other postemployment benefit related items	<u>37,470</u>	-	<u>37,470</u>
Total deferred outflows of resources	<u>130,304</u>	-	<u>130,304</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	<u>82,283</u>	-	<u>82,283</u>
Total current liabilities	82,283	-	82,283
Noncurrent liabilities			
Net pension liability	696,934	-	696,934
OPEB liability	<u>62,255</u>	-	<u>62,255</u>
Total liabilities	<u>841,472</u>	-	<u>841,472</u>
Deferred inflows of resources			
Pension related items	59,764	-	59,764
Other postemployment benefit related items	<u>25,896</u>	-	<u>25,896</u>
Total deferred inflows of resources	<u>85,660</u>	-	<u>85,660</u>
Net position			
Net investment in capital assets	9,720,921	-	9,720,921
Restricted for capital projects	-	836,875	836,875
Unrestricted	<u>1,251,539</u>	-	<u>1,251,539</u>
Total net position	<u>\$ 10,972,460</u>	<u>\$ 836,875</u>	<u>\$ 11,809,335</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
SURFACE WATER MANAGEMENT FUND
Year Ended June 30, 2025

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
Operating revenues			
Charges for services	\$ 1,587,946	\$ 155,455	\$ 1,743,401
Operating expenses			
Personnel services	664,753	-	664,753
Materials and services	706,321	-	706,321
Depreciation	256,356	-	256,356
Total operating expenses	1,627,430	-	1,627,430
Operating income (loss)	(39,484)	155,455	115,971
Nonoperating revenues (expenses)			
Interest income	87,628	39,490	127,118
Total nonoperating revenue (expenses)	106,356	39,490	145,846
Income (loss) before transfers and capital contributions	66,872	194,945	261,817
Capital contributions	1,963,244	-	1,963,244
Transfers out	(85,590)	-	(85,590)
Change in net position	1,944,526	194,945	2,139,471
Net position - beginning	9,027,934	641,930	9,669,864
Net position - ending	\$ 10,972,460	\$ 836,875	\$ 11,809,335

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
SURFACE WATER MANAGEMENT FUND
Year Ended June 30, 2025

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
Cash flows from operating activities			
Receipts from customers	\$ 1,581,894	\$ 155,455	\$ 1,737,349
Payments to suppliers	(740,065)	-	(740,065)
Payments to employees	(661,261)	-	(661,261)
Net cash from operating activities	<u>180,568</u>	<u>155,455</u>	<u>336,023</u>
Cash flows from noncapital financing activities			
Transfers out	(85,590)	-	(85,590)
Net cash from noncapital financing activities	<u>(85,590)</u>	<u>-</u>	<u>(85,590)</u>
Cash flows from capital and related financing activities			
System development charges received	-	-	-
Acquisition of capital assets	-	-	-
Net cash from capital and related financing activities	<u>18,728</u>	<u>-</u>	<u>18,728</u>
Cash flows from investing activities			
Interest on investments	86,401	38,877	125,278
Purchases of investments	(67,137)	(94,352)	(161,489)
Net cash from investing activities	<u>19,264</u>	<u>(55,475)</u>	<u>(36,211)</u>
Net increase (decrease) in cash and cash equivalents	132,970	99,980	232,950
Cash and cash equivalents at beginning of year	<u>618,876</u>	<u>243,655</u>	<u>862,531</u>
Cash and cash equivalents at end of year	<u>\$ 751,846</u>	<u>\$ 343,635</u>	<u>\$ 1,095,481</u>
Reconciliation of operating income (loss) to net cash from operating activities			
Operating income (loss)	\$ (39,484)	\$ 155,455	\$ 115,971
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	256,356	-	256,356
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(6,052)	-	(6,052)
Pension related items	26,898	-	26,898
Other postemployment benefit related items	(31,908)	-	(31,908)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(33,744)	-	(33,744)
Net pension and OPEB liability	(53,388)	-	(53,388)
Pension related items	56,966	-	56,966
Other postemployment benefit related items	4,924	-	4,924
Net cash from operating activities	<u>\$ 180,568</u>	<u>\$ 155,455</u>	<u>\$ 336,023</u>

See notes to financial statements

CITY OF FOREST GROVE
SURFACE WATER MANAGEMENT - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 1,570,592	\$ 1,587,946	\$ 17,354
Interest	-	63,626	63,626
Miscellaneous	36,000	18,728	(17,272)
Total revenues	1,606,592	1,670,300	63,708
Expenditures			
SWM services	1,962,435	1,367,582	594,853
Contingency	130,000	-	130,000
Total expenditures	2,092,435	1,367,582	724,853
Excess (deficiency) of revenues over expenditures	(485,843)	302,718	788,561
Other financing sources (uses)			
Transfers out	(85,590)	(85,590)	-
Total other financing sources (uses)	(85,590)	(85,590)	-
Net change in fund balance	(571,433)	217,128	788,561
Fund balance at beginning of year	1,663,817	1,717,831	54,014
Fund balance at end of year	\$ 1,092,384	1,934,959	\$ 842,575
Reconciliation to GAAP Fund Balance:			
Capital Assets		9,720,921	
Deferred Outflows		130,304	
Deferred Inflows		(85,660)	
Pension and OPEB Liabilities		(759,189)	
Fair Value Adjustment of Investments		31,125	
Total GAAP Fund Balance		\$ 10,972,460	

See notes to financial statements

CITY OF FOREST GROVE
SURFACE WATER MANAGEMENT SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 27,000	\$ 155,455	\$ 128,455
Interest	-	28,434	28,434
Miscellaneous	<u>26,500</u>	<u>-</u>	<u>-</u>
Total revenues	<u>53,500</u>	<u>183,889</u>	<u>156,889</u>
Expenditures			
SWM SDC Program	325,000	-	325,000
Contingency	<u>84,500</u>	<u>-</u>	<u>84,500</u>
Total expenditures	<u>409,500</u>	<u>-</u>	<u>409,500</u>
Net change in fund balance	(356,000)	183,889	566,389
Fund balance at beginning of year	<u>673,625</u>	<u>639,126</u>	<u>(34,499)</u>
Fund balance at end of year	<u>\$ 317,625</u>	<u>823,015</u>	<u>\$ 531,890</u>
Reconciliation to GAAP Fund Balance:			
Fair Value Adjustment of Investments		13,859	
Total GAAP Fund Balance		<u>\$ 836,874</u>	

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2025

	<u>Information Systems</u>	<u>Equipment</u>	<u>Risk Management</u>	<u>Totals</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 444,412	\$ 1,309,632	\$ 157,464	\$ 1,911,508
Investments	633,738	1,867,554	224,545	2,725,837
Accrued interest receivable	5,038	13,598	1,683	20,319
Prepaid items	<u>19,780</u>	<u>-</u>	<u>-</u>	<u>19,780</u>
Total current assets	1,102,968	3,190,784	383,692	4,677,444
Noncurrent assets				
Subscription asset, net	9,647	-	39,361	49,008
Capital assets				
Other capital assets, net	<u>-</u>	<u>2,650,182</u>	<u>-</u>	<u>2,650,182</u>
Total noncurrent assets	9,647	2,650,182	39,361	2,699,190
Total assets	<u>1,112,615</u>	<u>5,840,966</u>	<u>423,053</u>	<u>7,376,634</u>
Deferred outflows of resources				
Pension related items	-	32,152	-	32,152
Other postemployment benefit related items	<u>-</u>	<u>12,352</u>	<u>-</u>	<u>12,352</u>
Total deferred outflows of resources	<u>-</u>	<u>44,504</u>	<u>-</u>	<u>44,504</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	34,075	48,136	10,295	92,506
Accrued compensated absences	<u>-</u>	<u>44,051</u>	<u>-</u>	<u>44,051</u>
Total current liabilities	34,075	92,187	10,295	136,557
Noncurrent liabilities				
Subscription liability	556	-	29,759	30,315
Accrued compensated absences	-	16,970	-	16,970
Proportionate share of net pension liability	-	241,376	-	241,376
OPEB liability	<u>-</u>	<u>20,518</u>	<u>-</u>	<u>20,518</u>
Total noncurrent liabilities	556	278,864	29,759	309,179
Total liabilities	<u>34,631</u>	<u>371,051</u>	<u>40,054</u>	<u>445,736</u>
Deferred inflows of resources				
Pension related items	-	20,697	-	20,697
Other postemployment benefit related items	<u>-</u>	<u>8,534</u>	<u>-</u>	<u>8,534</u>
Total deferred inflows of resources	<u>-</u>	<u>29,231</u>	<u>-</u>	<u>29,231</u>
Net position				
Net investment in capital assets	-	2,585,613	-	2,585,613
Unrestricted	<u>1,077,984</u>	<u>2,899,575</u>	<u>382,999</u>	<u>4,360,558</u>
Total net position	<u>\$ 1,077,984</u>	<u>\$ 5,485,188</u>	<u>\$ 382,999</u>	<u>\$ 6,946,171</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2025

	Information Systems	Equipment	City Utility	Risk Management	Totals
Operating revenues					
Charges for services	\$ 504,690	\$ 1,519,230	\$ -	\$ 906,536	\$ 2,930,456
Operating expenses					
Personnel services	-	305,689	-	-	305,689
Materials and services	412,508	268,752	252,611	813,838	1,747,709
Amortization	24,683	-	-	26,241	50,924
Depreciation	-	478,872	-	-	478,872
Total operating expenses	<u>437,191</u>	<u>1,053,313</u>	<u>252,611</u>	<u>840,079</u>	<u>2,583,194</u>
Operating income (loss)	<u>67,499</u>	<u>465,917</u>	<u>(252,611)</u>	<u>66,457</u>	<u>347,262</u>
Nonoperating revenues (expenses)					
Interest income	63,076	165,540	-	21,904	250,520
Miscellaneous	-	733	-	34,710	35,443
Loss on disposition of capital assets	-	(36,418)	-	-	(36,418)
Total nonoperating revenue (expenses)	<u>63,076</u>	<u>129,855</u>	<u>-</u>	<u>56,614</u>	<u>249,545</u>
Income (loss) before transfers	130,575	595,772	(252,611)	123,071	596,807
Transfers in	-	164,430	252,611	-	417,041
Transfers out	-	-	-	(25,000)	(25,000)
Change in net position	130,575	760,202	-	98,071	988,848
Net position at beginning of year	<u>947,409</u>	<u>4,764,141</u>	<u>-</u>	<u>284,928</u>	<u>5,996,478</u>
Restatement of net position	-	(39,155)	-	-	(39,155)
Net position at end of year	<u>\$ 1,077,984</u>	<u>\$ 5,485,188</u>	<u>\$ -</u>	<u>\$ 382,999</u>	<u>\$ 6,946,171</u>

See notes to financial statements

CITY OF FOREST GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2025

	710	720	730	740	
	Information	Equipment	City	Risk	Totals
	Systems		Utility	Management	
Cash flows from operating activities					
Receipts from other funds	\$ 504,690	\$ 1,519,230	\$ -	\$ 906,536	\$ 2,930,456
Payments to suppliers	(423,488)	(267,729)	(252,611)	(822,535)	(1,766,363)
Payments to employees	-	(325,600)	-	-	(325,600)
Net cash from operating activities	<u>81,202</u>	<u>925,901</u>	<u>(252,611)</u>	<u>84,001</u>	<u>838,493</u>
Cash flows from noncapital financing activities					
Transfers out	-	-	-	(25,000)	(25,000)
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Cash flows from capital and related financing activities					
Transfers in	-	164,430	252,611	-	417,041
Other	(13,750)	733	-	5,191	(7,826)
Acquisition of capital assets	-	(694,435)	-	-	(694,435)
Net cash from capital and related financing activities	<u>(13,750)</u>	<u>(529,272)</u>	<u>252,611</u>	<u>5,191</u>	<u>(285,220)</u>
Cash flows from investing activities					
Interest on investments	61,894	162,582	-	21,426	245,902
Purchase of investments	(46,532)	(247,313)	-	(41,111)	(334,956)
Net cash from investing activities	<u>15,362</u>	<u>(84,731)</u>	<u>-</u>	<u>(19,685)</u>	<u>(89,054)</u>
Net increase (decrease) in cash and cash equivalents	82,814	311,898	-	44,507	439,219
Cash and cash equivalents at beginning of year	<u>361,598</u>	<u>997,734</u>	<u>-</u>	<u>112,957</u>	<u>1,472,289</u>
Cash and cash equivalents at end of year	<u>\$ 444,412</u>	<u>\$ 1,309,632</u>	<u>\$ -</u>	<u>\$ 157,464</u>	<u>\$ 1,911,508</u>
Reconciliation of operating income (loss) to net cash from operating activities					
Operating income (loss)	\$ 67,499	\$ 465,917	\$ (252,611)	\$ 66,457	\$ 347,262
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation & Amortization	24,683	478,872	-	26,241	529,796
(Increase) decrease in assets and deferred outflows of resources					
Prepaid items	(19,780)	100	-	-	(19,680)
Pension related items	-	9,271	-	-	9,271
Other postemployment benefit related items	-	(10,334)	-	-	(10,334)
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	8,800	(19,911)	-	(8,697)	(19,808)
Compensated absences payable	-	1,174	-	-	1,174
Pension and OPEB liability	-	(19,845)	-	-	(19,845)
Pension related deferred items	-	19,731	-	-	19,731
Other postemployment benefit related deferred items	-	926	-	-	926
Net cash from operating activities	<u>\$ 81,202</u>	<u>\$ 925,901</u>	<u>\$ (252,611)</u>	<u>\$ 84,001</u>	<u>\$ 838,493</u>

See notes to financial statements

CITY OF FOREST GROVE
INFORMATION SYSTEMS - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 506,290	\$ 504,690	\$ (1,600)
Interest	-	48,429	48,429
Miscellaneous	15,000	-	(15,000)
	<u>521,290</u>	<u>553,119</u>	<u>31,829</u>
Expenditures			
Information system services	658,420	426,258	232,162
Contingency	40,000	-	40,000
	<u>698,420</u>	<u>426,258</u>	<u>272,162</u>
Excess (deficiency) of revenues over expenditures	<u>(177,130)</u>	<u>126,861</u>	<u>303,991</u>
Net change in fund balance	(177,130)	126,861	303,991
Fund balance at beginning of year	<u>870,033</u>	<u>923,223</u>	<u>53,190</u>
Fund balance at end of year	<u>\$ 692,903</u>	<u>1,050,084</u>	<u>\$ 357,181</u>
Reconciliation to GAAP Fund Balance:			
Fair Value Adjustment of Investments		18,809	
Subscription Asset & Liability		9,091	
Total GAAP Fund Balance		<u>\$ 1,077,984</u>	

CITY OF FOREST GROVE
EQUIPMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 1,374,889	\$ 1,519,230	\$ 144,341
Interest	-	122,844	122,844
Miscellaneous	155,600	733	(154,867)
Total revenues	1,530,489	1,642,807	112,318
Expenditures			
Vehicle services	2,237,265	1,267,953	969,312
Contingency	300,000	-	300,000
Total expenditures	2,537,265	1,267,953	1,269,312
Excess (deficiency) of revenues over expenditures	(1,006,776)	374,854	1,381,630
Other financing sources (uses)			
Transfers in	164,430	164,430	-
Total other financing sources (uses)	164,430	164,430	-
Net change in fund balance	(842,346)	539,284	1,381,630
Fund balance at beginning of year	2,377,273	2,549,184	171,911
Fund balance at end of year	\$ 1,534,927	3,088,468	\$ 1,553,541
Reconciliation to GAAP Fund Balance:			
Capital Assets		2,650,182	
Deferred Outflows		44,504	
Deferred Inflows		(29,231)	
Accrued Compensated Absences		(61,021)	
Net Pension Liabilities		(261,894)	
Fair Value Adjustment of Investments		54,180	
Total GAAP Fund Balance		\$ 5,485,188	

CITY OF FOREST GROVE
CITY UTILITY - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures			
Materials and services	\$ 263,163	\$ 252,611	\$ 10,552
Total expenditures	<u>263,163</u>	<u>252,611</u>	<u>10,552</u>
Other financing sources (uses)			
Transfers in	<u>263,163</u>	<u>252,611</u>	<u>(10,552)</u>
Total other financing sources (uses)	<u>263,163</u>	<u>252,611</u>	<u>(10,552)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FOREST GROVE
RISK MANAGEMENT - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 906,536	\$ 906,536	\$ -
Interest	-	16,643	16,643
Miscellaneous	10,000	34,709	24,709
	<u>916,536</u>	<u>957,888</u>	<u>41,352</u>
Expenditures			
Risk management services	980,752	843,357	137,395
Contingency	50,000	-	50,000
	<u>1,030,752</u>	<u>843,357</u>	<u>187,395</u>
Excess (deficiency) of revenues over expenditures	<u>(114,216)</u>	<u>114,531</u>	<u>228,747</u>
Other financing sources (uses)			
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	(139,216)	89,531	228,747
Fund balance at beginning of year	<u>250,509</u>	<u>277,304</u>	<u>26,795</u>
Fund balance at end of year	<u>\$ 111,293</u>	366,835	<u>\$ 255,542</u>
Reconciliation to GAAP Fund Balance:			
Fair Value Adjustment of Investments		6,562	
Subscription Asset & Liability		9,602	
Total GAAP Fund Balance		<u>\$ 382,999</u>	

COMPLIANCE SECTION



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Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Forest Grove as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

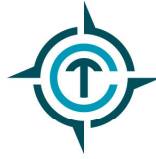
In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal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

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

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

Kenneth Allen, CPA
Municipal Auditor
CLEAR TRAIL CPAs, LLC

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CLEAR TRAIL CPAS

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December 19, 2025

To the City Council
City of Forest Grove

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Forest Grove for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities. Our engagement letter details our nonaudit services we provide; these services do not constitute an audit under Government Auditing Standards.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No separate management letter was issued.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025, except for the implementation of GASB No. 101, *Compensated Absences*. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates in the financial statements are the actuarial estimate of the City’s portion of the statewide Net Pension Liability (or Asset) and Other Post Employment Benefits. Another sensitive estimate affecting the basic financial statements is the Capital Asset Depreciation, which is based on estimated useful lives of assets. We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, taken as a whole. There were immaterial uncorrected misstatements noted during the audit which were discussed with management. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

Supplementary Information

We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the other information, which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund’s current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund’s current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB 104 – DISCLOSURES OF CERTAIN CAPITAL ASSETS

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

Best Practices – Not Significant Deficiencies

1. FTE Comment

The organization should consistently evaluate its Full-Time Equivalent (FTE) capacity within the finance and accounting department. In recent years, the accounting department has faced a substantial increase in workload due to the need to adhere to demanding GASB requirements and navigate various state and federal regulations tied to grants and other financial matters. It's not explicitly suggested that the department is understaffed, as we lack daily presence, but it is crucial to conduct an annual assessment during the budget cycle. This ensures that the department does not operate at a stretched capacity, safeguarding against potential strain on its capabilities.

2. Accounting Shortage

As auditors, we have observed a widespread shortage of governmental accountants across the state. This deficit is attributable to various factors, primarily stemming from the escalating demand for financial expertise in a swiftly changing landscape. Firstly, the evolving regulatory environment and the increasing intricacies of bodies such as FASB, GASB, IRS, OMB, and Oregon Division of Audits have intensified the need for specialized accounting professionals. Additionally, the aging workforce in the accounting field contributes to the shortage, with a considerable number of seasoned accountants approaching retirement age.

To address this shortage, entities can proactively implement measures such as investing in educational programs to attract and train new talent, providing competitive compensation packages to retain experienced professionals, and harnessing technological advancements like automation to streamline routine tasks. This approach allows accountants to concentrate on more complex and value-added activities.

This information is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

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

Kenny Allen, CPA
CLEAR TRAIL CPAS

FOREST GROVE URBAN RENEWAL AGENCY
(Component Unit of the City of Forest Grove)
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025



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**FOREST GROVE URBAN RENEWAL AGENCY
(Component Unit of the City of Forest Grove)**

FINANCIAL REPORT

**WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2025

FOREST GROVE URBAN RENEWAL AGENCY
WASHINGTON COUNTY, OREGON

Board of Directors

June 30, 2025

Malynda Wenzl	November 31, 2026
Donna Gustafson	November 31, 2029
Michael Marshall	November 31, 2026
Karen Martinez	November 31, 2026
Angel Falconer	November 31, 2029
Brain Schimmel	November 31, 2029
Mariana Valenzuela	November 31, 2026

All board members will receive mail at the following address:

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

FOREST GROVE URBAN RENEWAL AGENCY
WASHINGTON COUNTY, OREGON

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December 18, 2025

To the Agency Board of Directors
Forest Grove Urban Renewal Agency
Forest Grove, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Forest Grove Urban Renewal Agency as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Forest Grove Urban Renewal Agency as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Forest Grove Urban Renewal Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Forest Grove Urban Renewal Agency'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 Forest Grove Urban Renewal Agency'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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

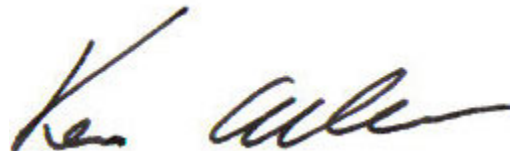
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 18, 2025, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
Municipal Auditor
CLEAR TAIL CPAS

MANAGEMENT’S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2025

This discussion and analysis presents the highlights of financial activities and financial position for the Forest Grove Urban Renewal Agency (Agency), component unit of the City of Forest Grove, Oregon (City). The analysis focuses on significant issues, major financial activities and resulting changes in financial position, budget changes, and variances from the budget, and specific issues related to funds and the economic factors affecting the Agency.

Management’s discussion and analysis (MD&A) focuses on the current year activities and resulting changes from the prior year. Please read it in conjunction with the Agency’s financial statements (beginning on page 1).

FINANCIAL HIGHLIGHTS

- The Total Assets of the Agency were \$6,087,373 and the Net Position was \$1,833,011 on June 30, 2025, which was the end of the Agency’s tenth fiscal year.
- Overall, expenditures were \$350,329 and overall revenue was \$1,115,501. The primary revenues for FY 2024-25 were property tax revenue. The largest expenditures for 2024-25 were for storefront improvement grants of \$16,938 and \$10,541 in attorney services.

REPORT LAYOUT

The Agency’s annual financial report consists of several sections. The components of the report include the following:

Management’s Discussion and Analysis. This section of the report provides financial highlights, overview, and economic factors affecting the Agency.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

REPORT LAYOUT (continued)

Basic Financial Statements. Includes statement of net position, statement of activities, fund financial statements, and notes to the financial statements. Statements of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Agency.

The statement of net position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the Agency owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The focus is on Agency revenues and expenditures, the net of which equals change in net assets.

Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The Agency's General Fund is presented here along with budgetary comparisons.

The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Agency's financial condition.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

AGENCY AS A WHOLE
Government-wide financial statements
Statement of Net Position at June 30:
Table 1
Net Assets at Fiscal Year End
Governmental Activities

	2025	2024
Assets		
Cash and investments	\$ 4,257,572	\$ 646,251
Receivables	32,812	14,613
Prepays	665	-
Capital assets:		
Land and construction in progress	497,630	418,000
Other capital assets, net	1,298,694	-
Total assets	6,087,373	1,078,864
Liabilities		
Current liabilities		
Accounts payable	4,362	11,025
Long-term obligation due within one year	325,000	-
Total current liabilities	329,362	11,025
Noncurrent liabilities		
Bonds payable	3,925,000	-
Total liabilities	4,254,362	11,025
Net position:		
Unrestricted	\$ 1,833,011	\$ 1,067,839

As of June 30, 2024, the Agency had no long-term liabilities. By the end of June 30, 2025, the Agency had \$3,925,000 in long-term bond debt. Major assets besides cash and investments are the existing land and building. By the end of June 30, 2025, URA purchased a building with a value of \$1,298,694.

Governmental Activities

The Agency’s net position is \$1,833,011 which is essentially the cash and investments held by the URA and the acquisition cost of land and building less the bond debt incurred during the year.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Statement of Activities for the Year Ended June 30:

**Table 2
Government Activities For Fiscal Year Ending**

	<u>2025</u>	<u>2024</u>
General Revenues		
Taxes	\$ 895,747	\$ 839,215
Rentals	\$ 1,704	
Investment earnings	<u>218,050</u>	<u>41,008</u>
Total general revenues and special items	<u>1,115,501</u>	<u>880,223</u>
Program Expenses		
General government	225,372	136,754
Interest on long-term obligations	<u>124,957</u>	<u>13,789</u>
Total program expenses	<u>350,329</u>	<u>150,543</u>
Change in net position	765,172	729,680
Net Position -beginning	<u>1,067,839</u>	<u>338,159</u>
Net Position - ending	<u>\$ 1,833,011</u>	<u>\$ 1,067,839</u>

Nearly all of the general revenue in FY 2024-25 was property tax revenue based on the incremental increase in the URA’s taxable assessed value. The other revenue was from investment earnings. General Government Program Expenses consisted principally of bond debt, public art, other small projects, and administrative expenses.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

DEBT ADMINISTRATION

By June 30, 2025, the Agency had been issued a 10-year bond with principal and interest in the amount of \$5,893,578. The bond allowed the Agency to purchase a building. The bond will be paid off on June 15, 2035.

ECONOMIC FACTORS

As an urban renewal agency, the Agency receives tax increment revenues calculated on the increase in assessed value over the frozen base, which was set at the time the urban renewal district was formed. When the Agency completes projects, it is actually investing in itself; as the value of property increases in the district, the tax increment revenues increases.

The Agency expects the tax revenues to continue to increase over the next few years. The Agency will market the property it owns in the downtown core for redevelopment and is looking at purchasing additional property in fiscal year 2025-26. The agency is using issued debt to purchase properties.

REQUEST FOR INFORMATION

The Agency’s financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with the general overview of the Agency’s finances and to demonstrate the Agency’s accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Services Department at the City of Forest Grove. Our address is: PO Box 326, Forest Grove, Oregon 97116.

FOREST GROVE URBAN RENEWAL AGENCY
WASHINGTON COUNTY, OREGON
BASIC FINANCIAL STATEMENTS

FOREST GROVE URBAN RENEWAL AGENCY
(A Component Unit of the City of Forest Grove, Oregon)
WASHINGTON COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2025

ASSETS:	
Cash and Cash Equivalents	\$ 4,257,572
Accrued Interest Receivable	18,760
Property Tax Receivable	14,052
Prepays	665
Capital assets:	
Land and construction in progress	497,630
Other capital assets, net	<u>1,298,694</u>
Total Assets	<u>6,087,373</u>
LIABILITIES:	
Current Liabilities	
Accounts Payable	4,362
Long-term obligations due within one year	<u>325,000</u>
Total current liabilities	<u>329,362</u>
Noncurrent Liabilities	
Bonds payable	<u>3,925,000</u>
Total Liabilities	<u>4,254,362</u>
NET POSITION:	
Unrestricted	<u><u>\$ 1,833,011</u></u>

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

FOREST GROVE URBAN RENEWAL AGENCY
(A Component Unit of the City of Forest Grove, Oregon)
WASHINGTON COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

FUNCTIONS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS		
General Government	\$ 225,372	\$ -	\$ -	\$ (225,372)
Interest on Long-Term Obligations	124,957	-	-	(124,957)
Total Governmental Activities	\$ 350,329	\$ -	\$ -	(350,329)
General Revenues:				
				895,747
				1,704
Income Not Restricted to Specific Programs:				
				218,050
Total General Revenues				1,115,501
Change in Net Position				765,172
Net Position - Beginning				1,067,839
Net Position - Ending				\$ 1,833,011

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

FOREST GROVE URBAN RENEWAL AGENCY
(A Component Unit of the City of Forest Grove, Oregon)
WASHINGTON COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL FUND
ASSETS:	
Cash and Cash Equivalents	\$ 4,257,572
Accrued Interest Receivable	18,760
Prepays	665
Property Tax Receivable	14,052
Total Assets	4,291,049
LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE:	
Liabilities:	
Accounts Payable	4,362
Total Liabilities	4,362
Deferred Outflows of Resources:	
Unavailable Revenue - Taxes	9,410
Total Deferred Outflows of Resources	9,410
Fund Balance:	
Unassigned	4,277,277
Total Fund Balance	4,277,277
Total Liabilities, Deferred Outflows of Resources, and Fund Equity	\$ 4,291,049
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION:	
Fund Balances	4,277,277
Unavailable revenues are deferred on the budgetary statements but in the government wide statements they are considered revenues.	9,410
Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Bonds Payable	(4,250,000)
The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.	1,796,324
Total Net Position	\$ 1,833,011

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

FOREST GROVE URBAN RENEWAL AGENCY
(A Component Unit of the City of Forest Grove, Oregon)
WASHINGTON COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	GENERAL FUND
REVENUES:	
Taxes	\$ 894,116
Rentals	1,704
Interest	218,050
Total Revenues	1,113,870
EXPENDITURES:	
Current:	
Economic and Physical Development	1,603,696
Debt Service	124,957
Total Expenditures	1,728,653
Excess of Revenues, Over (Under) Expenditures	(614,783)
OTHER FINANCING SOURCES (USES):	
Loan Proceeds	4,250,000
Total Other Financing Sources (Uses)	4,250,000
Net Change in Fund Balance	3,635,217
Beginning Fund Balance	642,060
Ending Fund Balance	\$ 4,277,277

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES INFUND BALANCES - GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES

Net Change in Fund Balance	\$ 3,635,217
Long-term liabilities, including notes payable and accrued interest, are not due and payable in the current period, and therefore, are not reported in the funds	
Bond proceeds	(4,250,000)
Revenues in the statement of activities that do not provide current financial resources are not reported in the funds as revenues are as follows	1,631
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Acquisition of capital assets	1,384,538
Depreciation	(6,214)
Change in net position of governmental activities	\$ 765,172

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

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION (REPORTING ENTITY)

The Forest Grove Urban Renewal Agency (the "Agency"), a component unit of the City of Forest Grove, was organized in May 2014 under ORS 457 and is a municipal corporation created by the City of Forest Grove to facilitate urban renewal within the boundaries of the City. The City Council serves as the governing body and is accountable for the fiscal matters of the Agency.

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas." Projects are financed in urban renewal plan areas as follows:

The Agency (city council) selects an urban renewal plan area and defines its boundaries.

The county assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.

Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance urban renewal projects.

Urban renewal tax increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$15,000,000.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the Government-wide financial statements.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions".

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Agency's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Agency's general revenues.

The Agency reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the Agency's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Agency reports the following major governmental fund:

General Fund - This fund accounts for the capital projects and serves as the general fund of the Agency. The primary source of revenue is proceeds from a line of credit with the City.

C. BUDGETS POLICIES AND BUDGETARY CONTROL

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

The Agency begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Agency board adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted. The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Agency established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

E. CASH AND CASH EQUIVALENTS

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

F. RECEIVABLES

Property taxes are assessed and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable collected within 60 days subsequent to year-end are considered measurable and available, and are recognized as revenues. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period.

Receivables for federal and state grants and state, county, and local shared revenue are recorded as revenue in all fund types as earned. Receivables of the Proprietary Funds are recorded as revenue in all funds as earned. The allowance for doubtful accounts is established on a historical view of delinquencies.

G. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- *Nonspendable* fund balance represents amounts that are not in a spendable form. The Agency does not have any nonspendable balance items.
- *Restricted* fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The Board has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

H. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital, and is classified in the following hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of resources reported in government funds:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

When both restricted and unrestricted net position is available for use, restricted net position is assumed to be utilized first.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

K. CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The agency will only work construction in progress since once done and placed into service it is transferred to the City.

L. BUDGET TO GAAP DIFFERENCES

The budgetary statement uses book value for investments and the GAAP budgetary statements use fair value, as a result, the Agency recognizes revenue and corresponding increases or decreases in cash balances for unrealized gains or losses in its allocated portion of the City’s investments. The Agency also recognizes revenue for changes in accrued interest receivable for its deposit with the City. The sum of these is shown as a reconciling item on the budgetary statements.

2. DEPOSITS AND INVESTMENTS

As of June 30, 2025, the Agency had a deposit balance of \$4,203,191 with the City of Forest Grove. All of the Agency’s deposits were adequately secured during the year. See the City’s financial report for more information on FDIC coverages and collateralized amounts. Since the City takes on investment risk, any investments allocated to the Agency as part of the deposit are considered cash and cash equivalents.

Credit risk: State law limits investments to obligations of the United States Treasury and United States Government agencies and instrumentalities, certain, bankers’ acceptances, repurchase agreements, certain high-grad commercial paper and corporate bonds and obligations of states and municipalities. The Agency has no investment policy that would further limit its investment choices. The Agency’s deposit with the City of Forest Grove is not rated.

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The Agency's policy to manage its exposure to fair-value losses arising from increases in interest rates is to limit investment maturities to 18 months.

Concentration of Credit Risk: The Agency does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. None of the Agency's investments have custodial credit risk. The Agency's policy does not limit the amount of investments that can be held by counterparties.

3. RISK MANAGEMENT

The Agency 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 Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

4. PROPERTY TAX LIMITATIONS

Real property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15, Agency management believes that the amount of any uncollectable accounts included in receivables is not significant. Therefore, no provision for uncollectable accounts has been made. The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. Under the provisions of the limitation, tax revenues are separated into operations other than the public school system. The limitation specifies \$10 is the maximum allowable tax for each \$1,000 of property real market value imposed on by local governments other than the public school system. This limitation may affect the availability of future tax revenues for the Agency, as taxes levied for urban renewal debt services are subject to the \$10 limitation.

5. LONG TERM OBLIGATIONS

In 2024-25 the Agency issued bonds backed by the Agencies property taxes in the amount of \$4,250,000 for the purpose of issuance of debt and for projects within the Agencies area including purchase of property.

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due within One Year
2024 Series Bond	\$ -	\$ 4,250,000	\$ -	\$ 4,250,000	\$ 325,000

As of June 30, 2025, maturities for government-type activities long-term debt obligations for future years ending June 30 are as follows:

FOREST GROVE URBAN RENEWAL AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

5. LONG TERM OBLIGATIONS (CONTINUED)

Fiscal Year	2024 bonds	
	Principal	Interest
2026	\$ 325,000	\$ 254,150
2027	340,000	234,715
2028	365,000	214,383
2029	385,000	192,556
2030	405,000	169,533
2030-35	2,430,000	453,284
Total	<u>\$ 4,250,000</u>	<u>\$ 1,518,621</u>

6. CAPITAL ASSETS

The Agency purchased property for \$1,100,000 from the City of Forest Grove. Approximately two-thirds of the property was sold during 2016-17 for \$10 pursuant to a disposition and development agreement. The remainder of the property (\$418,000) continues to be held by the Agency for sale.

Activity for Government-type activities for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated				
Land held for sale	\$ 418,000	\$ -	\$ -	\$ 418,000
Construction in progress	-	79,630	-	79,630
Capital assets being depreciated				
Buildings and improvements	-	1,304,908	-	1,304,908
Total capital assets	<u>418,000</u>	<u>1,384,538</u>	<u>-</u>	<u>1,802,538</u>
Less accumulated depreciation				
Buildings and improvements	-	\$ 6,214	\$ -	6,214
Total capital assets, net	<u>\$ 418,000</u>			<u>\$ 1,796,324</u>

7. TAX ABATEMENTS

Washington County has established an Enterprise Zone under ORS 285C.175 that abates property taxes on new business development within the zone. As a result, property taxes that the Agency received for the year ended June 30, 2024 have been reduced by \$21,000.

Washington County has established a Low Income Property Tax Exemption program under ORS 307.541 to make rental housing units affordable for income-restricted tenants. As a result, property taxes that the Agency received for the year ended June 30, 2024 have been reduced by \$7,000.

Washington County has established a Vertical Housing Development Zone under ORS 307.864 as an incentive for the development of higher density mixed use residential development with ground floor nonresidential uses in areas well served by transit services. As a result, property taxes that the Agency received for the year ended June 30, 2024 have been reduced by \$1,000.

FOREST GROVE URBAN RENEWAL AGENCY
(A Component Unit of the City of Forest Grove, Oregon)
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2025

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Current Property Tax	\$ 851,681	\$ 851,681	\$ 885,461	\$ 33,780
Delinquent Property Tax	6,000	6,000	8,655	2,655
Rentals	-	-	1,704	1,704
Interest	19,000	19,000	147,744	128,744
Total Revenues	<u>876,681</u>	<u>876,681</u>	<u>1,043,564</u>	<u>166,883</u>
EXPENDITURES:				
Materials and Services	1,502,210	5,627,252 (1)	1,603,696	4,023,556
Debt Service	-	124,958 (1)	124,957	1
Total Expenditures	<u>1,502,210</u>	<u>5,752,210</u>	<u>1,728,653</u>	<u>4,023,557</u>
Excess of Revenues, Over (Under) Expenditures	(625,529)	(4,875,529)	(685,089)	4,190,440
Other Financing Sources, (Uses)				
Loan Proceeds	-	4,250,000	4,250,000	-
Total Other Financing Sources, (Uses)	<u>-</u>	<u>4,250,000</u>	<u>4,250,000</u>	<u>-</u>
Net Change in Fund Balance	<u>(625,529)</u>	<u>(625,529)</u>	<u>3,564,911</u>	<u>4,190,440</u>
Beginning Fund Balance	<u>625,529</u>	<u>625,529</u>	<u>639,225</u>	<u>13,696</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,204,136</u>	<u>\$ 4,204,136</u>
Reconciliation to generally accepted accounting principles				
Difference in revenue recognition			<u>73,141</u>	
			<u>4,277,277</u>	

(1) Appropriation Level

**FOREST GROVE URBAN RENEWAL AGENCY
WASHINGTON COUNTY, OREGON**

REQUIRED SUPPLEMENTARY INFORMATION



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December 18, 2025

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Forest Grove Urban Renewal Agency as of and for the year ended June 30, 2025, and have issued our report thereon dated December 18, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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 Forest Grove Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

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

Kenneth Allen, CPA
Municipal Auditor
CLEAR TRAIL CPAS



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Clear Solutions, Clear Results

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December 18, 2025

To the Board of Directors
Forest Grove Renewal Agency

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forest Grove Urban Renewal Agency for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the Agency and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Agency or to acts by management or employees acting on behalf of the Agency. We also

communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No separate management letter was issued.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates in the financial statements are Management’s estimate of Accounts Receivable and Capital Asset Depreciation, which are based on estimated collectability of receivables and useful lives of assets. We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on it.

Supplementary Information

We were engaged to report on the supplementary information, which accompany the basic financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Information

We were not engaged to report on the other information, which accompanies the basic financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 103 – FINANCIAL REPORTING MODEL IMPROVEMENTS

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB 104 – DISCLOSURES OF CERTAIN CAPITAL ASSETS

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

- This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

Best Practices – Not Significant Deficiencies

1. FTE Comment

The organization should consistently evaluate its Full-Time Equivalent (FTE) capacity within the finance and accounting department. In recent years, the accounting department has faced a substantial increase in workload due to the need to adhere to demanding GASB requirements, manage new COVID-related grants, and navigate various state and federal regulations tied to grants and other financial matters. It's not explicitly suggested that the department is understaffed, as we lack daily presence, but it is crucial to conduct an annual assessment during the budget cycle. This ensures that the department does not operate at a stretched capacity, safeguarding against potential strain on its capabilities.

2. Accounting Shortage

As auditors, we have observed a widespread shortage of governmental accountants across the state. This deficit is attributable to various factors, primarily stemming from the escalating demand for financial expertise in a swiftly changing landscape. Firstly, the evolving regulatory environment and the increasing intricacies of bodies such as FASB, GASB, IRS, OMB, and Oregon Division of Audits have intensified the need for specialized accounting professionals. Additionally, the aging workforce in the accounting field contributes to the shortage, with a considerable number of seasoned accountants approaching retirement age.

To address this shortage, entities can proactively implement measures such as investing in educational programs to attract and train new talent, providing competitive compensation packages to retain experienced professionals, and harnessing technological advancements like automation to streamline routine tasks. This approach allows accountants to concentrate on more complex and value-added activities.

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

A handwritten signature in black ink, appearing to read "Kenny Allen". The signature is fluid and cursive, with a large initial "K" and a long horizontal stroke at the end.

Kenny Allen, CPA
CLEAR TRAIL CPAS

PACIFIC UNIVERSITY

2026 Update

Feb. 23, 2026



Our historic campus sits at the center of Forest Grove.



We serve more than 3,000 students in Forest Grove, Hillsboro and online.



Ours is a legacy more than 175 years in the making.

OLD COLLEGE HALL



At Pacific, access and outcomes combine to create opportunity.





Pacific is a Carnegie-designated high-access university.





A third of undergraduate students participate in our 24 NCAA DIII athletics teams.





We're home to more than 50 student clubs and organizations.





We're one of seven colleges
piloting a national autism-
inclusive campus initiative.



Pacific is the No. 1 private preparer of health professionals in Oregon.







Pacific Priority offers guaranteed on-time graduation and clear pathways to graduate school.





A third of our budget is invested in off-setting tuition for students.



We're developing three-year bachelor's degrees, enhanced career support, and professional certificates.







- Safe & Inclusive Community
- Champion Higher Education — and Pacific
- Support Scholarships — Boxer Giving Day is March 18-19!
- Hire Pacific Students & Alumni
- Partner for Experiential Learning & Workforce Development

THANK YOU



PARKS, RECREATION, OPEN SPACE & TRAILS (PROST!) MASTER PLAN

Anne Lane | Parks & Recreation Director
Cody Jeffers | Recreation Coordinator
City Council Presentation | February 23, 2026

City of Forest Grove

AGENDA

Vision 2040 Plan

Purpose

History

Projected Timeline

Scope of Work

Questions & Discussion

VISION 2040 PLAN



HEALTHY & ACTIVE COMMUNITY

GOAL STATEMENT

We envision a Forest Grove community where everyone can enjoy safe, accessible, and inclusive recreation opportunities that enhance quality of life for all ages and abilities.

OUTCOME

Increase recreation opportunities for all

ACTIONS

3.1	Update the City's Parks and Recreation Master Plan
3.2	Establish a recreation advisory committee with representation from City of Forest Grove, City of Cornelius, Pacific University, and Forest Grove School District to develop recommendations to increase recreation opportunities
3.3	Explore options for a multi-use recreation/community facility that includes space for recreation, events, mentorship, education, and connection
3.4	Create a gathering space by developing the Eastside Park
3.5	Work with Pacific University on updating Lincoln Park long-term use agreement

OUTCOME

Increase safe and accessible recreation opportunities

ACTIONS

3.6	Identify and reduce barriers to participation in recreation (e.g., cost, transportation, awareness of available resources, etc.)
3.7	Increase access to recreation opportunities for people with disabilities and/or tailored options
3.8	Host Safety Town community event

PURPOSE: PRESENTATION

4

- Inform City Council on the status of the project and obtain feedback prior to soliciting proposals

PURPOSE: MASTER PLAN

- Guide the long-term development, redevelopment, and equitable distribution of parks, open space, trails, recreation facilities, and programs across Forest Grove
- Develop system-wide goals, policies, priorities, and implementation strategies based on existing conditions, community interests and future funding capacity

HISTORY: MASTER PLAN

2016 – Parks, Recreation and Open Space Master Plan Adopted

Guides development, maintenance, and optimization of recreational assets

City Council adopts plan by Ordinance

Plan included in the Forest Grove Comprehensive Plan



Parks, Recreation and Open Space Master Plan

PROJECTED TIMELINE

City Council Presentation	February 2026
Finalize Request For Proposals	March
Solicitation Opens	March
Solicitation Closes	April
Consultant Secured	May
Activity 1 – 6	June – December
Activity 7 – 12	August – January
Activity 13 – 15	October – April
Completion	June 2027

SECTION 1

Create A Foundation Of Knowledge To
Build From

SCOPE OF WORK: ACTIVITY 1 - 6

9

1. Project Kick-Off
2. Mission Statement & Core Values Development
3. System Asset Review
4. Staffing & Organizational Analysis & Recommendations
5. Demographics & Market Analysis
6. Assessment of Barriers & Strategies Development

SECTION 2

Listen To The Community

SCOPE OF WORK: ACTIVITY 7 - 10

1
1

- 7. Public Engagement
- 8. Partnership Assessment & Recommendations
- 9. Interest Assessment & Gap Analysis
- 10. Recreation Services Analysis & Recommendations

SECTION 3

1
2

Forecast Of Infrastructure

SCOPE OF WORK: ACTIVITY 11 - 13

- 11. Parks & Trails Assessment & Recommendations
- 12. Aquatic Center & Senior Center Assessment
- 13. Multi-Use Recreation/ Community Facility Feasibility

SECTION 4

At The Finish Line, Ready To Launch

SCOPE OF WORK: ACTIVITY 14 - 15

1
5

14. Implementation & Action Plan

15. Final Master Plan Document & Adoption Support



PARKS, RECREATION, OPEN SPACE & TRAILS (PROST!) MASTER PLAN

THANK YOU!



A place where businesses and families thrive

<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	_____
MEETING DATE:	_____
FINAL ACTION:	_____

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Matthew Johnson- Senior Planner*

CC: *Jesse VanderZanden- City Manager, Kim Ezell- Assistant City Manager, Bryan Pohl- Community Development Director*

MEETING DATE: *February 23, 2026*

SUBJECT TITLE: *Public hearing and first reading of an ordinance to amend the Development Code*

ACTION REQUESTED:	<input checked="" type="checkbox"/> Ordinance	<input type="checkbox"/> Order	<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Informational
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X all that apply

ISSUE STATEMENT: The proposal would amend the Development Code with revisions to Article 8 “General Development Standards”, and Article 12 “Use Categories and Definitions”. Each exhibit listed below refers to summarized areas within the Development Code. Proposed new text located within each exhibit attached is **bolded**, while text proposed to be deleted is ~~struck through~~.

BACKGROUND: The City of Forest Grove Development Code was adopted in 2009. Occasionally, it is necessary to update the code to reflect changes in state rules, policies, and definitions.

The Community Development Department held a work session with the Planning Commission on September 15, 2025 to review the proposed code amendments. Following the discussion, the Planning Commission voted unanimously to recommend approval of the amendments to the City Council on December 15, 2025.

The City Council subsequently held two work sessions on the proposed code amendments on January 12, 2026 and January 26, 2026. During the first work session, the Council reached consensus on all proposed amendments as presented, with the exception of accessory dwelling units, industrial standards, and mandatory adjustments, which required additional discussion. At the second work session, the Council confirmed consensus on all proposed code amendments.

Post Acknowledgement Plan Amendment (PAPA) notice of this proposal was provided to the Department of Land Conservation and Development (DLCD) on October 13, 2025. Measure 56 notice was mailed to industrially zoned property owners on October 28, 2025, and notice of this proposal was published in the *News Times* on November 7, 2025. As of the date of this report, no written comments have been received in response to these notices.

Exhibit A: Industrial Zone Development Standards

- Creates new height restrictions and setbacks in response to Council’s direction from Fall 2024.

Exhibit B: Residential Development Code Revisions

- Revised definition of building height, clarification of Townhome setback requirements, revisions to ADU standards, addition of comprehensive plan target densities, and clarification of historic review garage standards. Staff brought this forward to Council due to inconsistencies found within the code, and ultimately rectify the Development Code and refine its daily application.

Exhibit C: Non-Residential Use Regulations

- Allow office uses within an NMU zone, and revised definitions for “Building” and “Structure”. Staff found these as errors; office uses are appropriate and should be permitted by right in a Neighborhood Mixed Use zone, and the definitions of “building” and “structure” should be swapped.

Exhibit D: Non-Residential Development Standards

- Revise and clarify landscape and buffer and screening standards, Update state-revised statute number for cannabis facilities, and revise sidewalk construction standards. Staff found inconsistencies with the application of the buffer and landscape table, and the Development Code does not reflect the statute number that identifies “cannabis facilities” at the State level. Also, staff proposed additional flexibility with the timing of installation for collector road sidewalks.

Exhibit E: Mandatory Adjustments

- Revise the Adjustments section to incorporate State-required Mandatory Adjustments. Currently, The Development Code provides mechanisms to adjust standards up to 20% for setbacks, building height, and lot coverage. However, the State now requires jurisdictions to allow additional and mandatory adjustments for housing developments with a minimum net density of six units per acre. The Code should be updated to reflect and comply with these requirements.

FISCAL IMPACT: Adoption of the ordinance will have no fiscal impact to the City’s budget.

STAFF RECOMMENDATION:

Staff recommends a motion for a minor change to “Exhibit A” of the ordinance to clarify language for the industrial height requirements. The proposed updated language reads as follows: *None; 45 feet maximum height when 50 feet setback from a residential zone.*

Staff recommends adoption of the ordinance to amend the Development Code as recommended by the Planning Commission.

ATTACHMENTS:

- Ordinance to amend the Forest Grove Development Code
- Planning Commission Findings and Decision #2025-03

ORDINANCE NO. 2026-02

**ORDINANCE AMENDING FOREST GROVE DEVELOPMENT
CODE ARTICLE 8- DEVELOPMENT STANDARDS, AND ARTICLE 12 – USE
CATEGORIES AND DEFINITIONS FILE NO. 311-25-000025-PLNG**

WHEREAS, the Development Code was adopted in 2009 and needs periodic updating to reflect changes in regional and state polices, codes and definitions; and

WHEREAS, the City desires to amend the Development Code to update procedures and review standards; and

WHEREAS, notice of the proposed amendments was provided to the Department of Land Conservation and Development on October 13, 2025; and

WHEREAS, the Planning Commission held a work session to discuss text amendments on September 15, 2025; and

WHEREAS, the Planning Commission held a public hearing on the proposed ordinance on December 15, 2025, and recommended approval of the proposed amendments; and

WHEREAS, the City Council held joint work sessions to discuss the text amendments on January 12, 2026 and January 26, 2026; and

WHEREAS, the City Council held a duly-noticed public hearing on the proposed ordinance on February 23, 2026.

NOW, THEREFORE, THE CITY OF FOREST GROVE ORDAINS AS FOLLOWS:

Section 1. The City Council of the City of Forest Grove hereby adopts text amendments to Development Code Article 8, General Development Standards, and Article 12, Use Categories and Definitions, as shown on Exhibits A through E.

Section 2. The City Council hereby finds that the proposed amendments are consistent with and meet the provisions of Development Code section 17.2.630 Review Criteria pertaining to Zoning Text Amendments.

Section 3. The City Manager is hereby authorized to make necessary edits to the Development Code amendments (Exhibits A-E) for purposes of formatting, correcting scrivener errors and ensuring consistency with City Council's final decision.

Section 4. This ordinance is effective 30 days upon its enactment by the City Council.

PRESENTED AND PASSED the first reading the 23rd day of February, 2026.

Mariah S. Woods, City Recorder

APPROVED by the Mayor this 9th day of March, 2026.

Malynda H. Wenzl, Mayor

Exhibit “A”

§ 17.3.530 INDUSTRIAL ZONE DEVELOPMENT STANDARDS.

<i>Table 3-13: Industrial Zone Dimensional Requirements</i>			
<i>STANDARD</i>	<i>LI</i>	<i>GI</i>	<i>BIP</i>
Minimum Lot Size	10,000 square feet	10,000 square feet	20,000 square feet
Minimum Lot Width	100 feet	100 feet	100 feet
Minimum Lot Depth	None	None	None
Minimum Yard Setbacks [1]	None; 50 feet from a residential zone	None; 50 feet from a residential zone	Front : 20 feet Interior side: 10 feet Rear : 10 feet
Maximum Building Height [2] [3]	None; 45 feet maximum height when 50 feet set back from a residential zone.	None; 45 feet maximum height when 50 feet set back from a residential zone.	45 feet
Maximum Building Coverage			50%
Minimum Landscaping			15%
<p>Footnotes:</p> <p>[1] A setback and buffer may be required where a LI or GI boundary abuts a less intensive zone. See screening and buffering standards in Article 8. When an industrial site is separated from a residential zone by either a dedicated public street, or a railroad main line or spur track, no setback shall be required in that yard adjacent to the residential zone.</p> <p>[2] Building height unlimited per the Building Code with the installation of a sprinkler system approved by the Forest Grove Fire Department in all buildings over two stories.</p> <p>[3] The maximum height of 45 feet may be increased with increased setbacks (1 foot additional height per 1 additional foot of building setback)</p>			

Exhibit “A”

§ 17.3.130 RESIDENTIAL DEVELOPMENT STANDARDS.

E. *Building height.* Building height standards are used to establish a compatible building scale. This can help to create a harmonious visual setting and helps to bring about a successful mixing of diverse housing types.

1. Buildings in the SR, R-7, R-5 and RM Zones are limited to a maximum height of ~~two and one-half stories or 35 feet, whichever is less.~~ Accessory buildings are limited to a maximum height of ~~one and one-half stories or 25 feet, whichever is less.~~
2. Buildings in the RH Zone are limited to a maximum height of ~~three stories or 45 feet, whichever is less.~~ A step-down in building heights may be required for multi-family building(s) that abut a lower density residential zone. The need for a step down in building heights to provide privacy, access to sunlight and a transition between zones shall be evaluated in the Design Review Process.
3. A chimney, radio or television antenna , or device designed for the collection and/or generation of energy from the sun and/or wind may exceed the building height limit by a maximum of 15 feet.
4. Church steeples may exceed 35 feet in height through a Type II process. The maximum height is 15 feet above the building height limit in any location allowed by other requirements of the zone district. Church steeples may go to a maximum total height of 75 feet provided that setbacks of one foot for each one foot in height from the property line are maintained.

§ 17.3.130 RESIDENTIAL DEVELOPMENT STANDARDS.

Table 3-5: Minimum Setback Requirements				
Housing Type	Front Yard to Dwelling	Front Yard to Garage/ Parking Area	Interior Side Yard	Rear Yard
Duplex	14 feet	20 feet	5 feet	15 feet
Single-unit Attached/townhouse	12 feet	20 feet	0 feet common wall construction 5 feet exterior wall at end of structure	0 feet adjacent to alley 10 feet no alley
Triplex and quadplex	12 feet	20 feet	5 feet	10 feet
Cottage clusters	12 feet	20 feet	5 feet	10 feet
Courtyard housing	12 feet	20 feet	5 feet	10 feet
Multi-unit structures	12 feet	20 feet	5 feet	10 feet
<p>[1] The side yard setback for attached single-unit dwellings /townhomes shall be a minimum of zero feet at common walls and five feet or one foot for each three feet of building height at the eave line, from the end of the unit series. Unless approved by the Director, the dwellings shall be arranged on lots in a manner that the non-zero setback portion for one lot shall be adjacent to the non-zero setback portion on the adjoining lot in order to provide greater continuous open space.</p>				

§ 17.3.110 LIST OF RESIDENTIAL ZONES.

A. Suburban Residential SR. The SR zone is intended for development of housing at a target density of 1.0 dwelling unit per net acre . Detached single-family housing will be the predominant housing type in this zone. Accessory dwelling units are also permitted subject to the density limitations of the zone. A limited range of compatible non-residential uses such as parks and schools are permitted or allowed with conditional use permit approval.

B. Residential R-7. The R-7 zone is intended for development of a variety of housing types including single-unit detached, accessory dwelling units , duplexes , threeplexes, quadplexes , townhomes and cottage clusters, **with a target density of 6.22 dwelling units per net acre.** Detached single-family housing will likely be the

Exhibit “A”

predominant housing type in this zone. A limited range of compatible non-residential uses such as parks and schools are also permitted or allowed with conditional use permit approval.

C. Residential R-5. The R-5 zone is intended for development of a variety of housing types including single-unit detached, accessory dwelling units, duplexes, threeplexes, quadplexes, townhomes and cottage clusters, **with a target density of 8.71 dwelling units per net acre.** Detached single-family housing will likely be the predominant housing type in this zone. A limited range of compatible non-residential uses such as parks and schools are also permitted or allowed with conditional use permit approval.

D. Residential Medium RM. The RM zone is intended for development of single-unit detached, single unit attached and small multi-unit dwellings. homes on small lots, **with a target density of 12 dwelling units per net acre.** A limited range of compatible non-residential uses such as parks and schools are also permitted or allowed with conditional use permit approval. The RM zone functions as a transition zone between the lower density residential zones and the higher intensity residential and non-residential zones.

E. Residential High RH. The RH zone is intended for development of multi-unit residential buildings, **with a target density of 20.28 dwelling units per net acre.** This zone also allows small lot single-unit homes. RH zoning is generally applied near transit streets and adjacent to commercial districts. The RH zone also allows a limited range of non-residential uses to help provide services for residents and enhance the quality of the higher density neighborhood.

ACCESSORY DWELLING UNITS § 17.7.010 PROCEDURE.

An ~~Applicat~~ application for an accessory dwelling unit shall be reviewed by the Director under the Type I procedure.

§ 17.7.015 STANDARDS.

One accessory dwelling unit may be allowed in conjunction with a single-family dwelling by conversion of an existing space, by means of an addition, or as an accessory structure - including a manufactured home - on the same lot with an existing dwelling, subject to the following standards and limitations:

A. Manufactured home ADUs are not allowed in historic districts;

B. Any addition shall not increase the gross floor area of the original dwelling by **a ground floor area of 720 square feet.**

C. The ~~gross~~ **ground** floor area of the accessory dwelling unit shall not exceed 720 square feet. However, accessory dwellings that result from the conversion of a level or floor (e.g., basement, attic, or second story) of the primary dwelling may occupy the entire level or floor, even if the floor area of the accessory dwelling would exceed 720 square feet;

D. ADUs may not be constructed from portable metal structures that require no assembly, such as shipping containers;and

E. The accessory dwelling unit shall comply with applicable fire and life safety codes.

§ V FOCUS AREA HISTORIC DISTRICT DESIGN GUIDELINES OUTBUILDINGS AND GARAGES TRACK 1 STANDARDS

Related Code Standards

- New garages and accessory buildings shall be historically consistent with the primary building in style, size, materials, and roof.
- Replacement garages: Retain and repair over replacement for both structure and materials.

Exhibit "A"

- Location and Orientation: Where an alley exists, locate the garage for alley access. Garages and outbuildings shall be located in the rear where possible. Garages may be located in the side yard or may be attached if recessed behind the primary building face by a minimum of six feet and if meeting the side yard setback and spacing requirements.
- Garage Doors: Total width is limited to ~~2~~ $\frac{1}{3}$ of the primary building face width if facing a street. Height is limited to eight feet. Construction, style and materials shall be consistent with the main building. A maximum of one double garage door or two single doors facing the street is allowed per 50 feet of lot width. No width constraint if facing the alley.
- Carports and Breezeways: Carports are allowed where consistent with the building style and age. Breezeways may be used for connection to garages, carports or out-buildings. Design of these structures must be consistent with the primary building in style, size, construction, materials, detail and color.
- Gazebos and Pergolas are not allowed on the front or in the front yard. See §17.7.020.
- Materials and Types Not Allowed: Flush, open grate-mesh, and mostly glass garage doors.

Exhibit “A”

§ 17.3.320 USE REGULATIONS.

<i>Table 3-8 Commercial and Mixed-Use Zones Use Table</i>			
USE CATEGORY	NC	CC	NMU
COMMERCIAL			
Commercial Lodging	N	L ^[5] [20]	L ^[15] [20]
Eating and Drinking Establishments	L[6]	P	L[15]
Entertainment – Oriented:			
- Major Event Entertainment	N	C	N
- Outdoor Entertainment	N	C	N
- Indoor Entertainment	N	P	L[15]
General Retail:			
- Sales-Oriented	L[7]	L[7]	L[15]
- Personal Services	P	P	L[15]
- Repair-Oriented	P	P	L[15]
- Bulk Sales	N	P	N
- Outdoor Sales	L[8]	L[8]	L[15]
- Animal-Related	N	P	N
Medical Centers	N	L[12]	N
Motor Vehicle Related:			
- Motor Vehicles Sale/Rental	N	L[9]	N
- Motor Vehicle Servicing/Repair	N	P	L[16]
- Motor Vehicle Fuel Sales	P[10]	P	N
Non-Accessory Parking	N	P	N
Office	L[17]	L[17]	L[16][17]
Self-Service Storage	N	C	N

§ 17.12.210 MEANING OF SPECIFIC WORDS AND TERMS.

B8. **BUILDING.** ~~That which is built or constructed, an edifice or building of any kind, or any piece of work artificially built up or composed of parts joined together in some definite manner.~~ **A walled and roofed structure including a gas or liquid storage tank that is principally above ground.**

S10. **STRUCTURE.** ~~A walled and roofed building including a gas or liquid storage tank that is principally above ground.~~ **That which is built or constructed, an edifice or building of any kind, or any piece of work artificially built up or composed of parts joined together in some definite manner.**

Exhibit "A"

§ 17.8.425 BUFFERING AND SCREENING STANDARDS.

Table 8-2: Buffer Matrix Proposed Use						
Development Site -> Abutting Use	Single Units, Detached; Manufactured Units	Attached Single Units and Multifamily , 1-5 Units; Duplexes	Attached Single Units and Multifamily , 5+ Units	Commercial and Institutional Zones (NC, CC, INST) Uses	Town Center Zones (TCC, TCT)	Industrial Zones (LI, GI) Uses
Detached Single Units; Manufactured Units	-	A	C	D	€ -	E
Attached Single Units and Multi-family , 1-5 Units, Duplexes	A	-	B	D	€ -	E
Attached Single Units and Multi-family , 5+ Units	A	A	-	D	€ -	E
Commercial Zones (NC, CC) and Institutional Uses	C	C	C	-	-	D
Town Center Zones (TCC, TCT)	€ -	€ -	€ -	-	-	D
Industrial Zones (LI, GI) Uses	D	D	D	B	-	-

Note: See Table 8-3 for alternative combinations for meeting these screening requirements

Table 8-3 Buffer Combinations for Landscaping and Screening [1]					
	Options	Minimum Width (feet)	Trees (per linear feet of buffer)	Shrubs or Groundcover	Screening
A	--	10	--	Lawn/living groundcover	--
B	--	10	20' min/30' max spacing	Lawn/living groundcover	--
C	1	10	15' min/30' max spacing	Shrubs	4' hedges
	2	8		Shrubs	5' fence
	3	6		Shrubs	6' wall
D	1	20	10' min/20' max spacing	Shrubs	6' hedge
	2	15		Shrubs	6' fence
	3	10		Shrubs	6' wall
E	1	30	10' min/20' max spacing	Shrubs	6' hedge or fence
	2	25		Shrubs	5' earthen berm or wall

Exhibit “A”

[1] Buffers are not required between abutting uses that are not of a different type when the uses are separated by a street .Adjustments from these requirements can be obtained; see Article 2.
[2] **17.8.425(b)(3) applies in addition to the buffer combinations within Table 8-3.**
[3] **Buffer options are not required when an industrial use is abutting a non-conforming use within an industrial zone.**

§ 17.8.1000 COVENANTS, CONDITIONS AND REQUIREMENTS.

Where proposed, Covenants, Conditions and Requirements (CC & Rs) shall:

A. Be reviewed and approved by the Community Development Director prior to approval of a final partition , final plat, final planned development review or, if none of the above, prior to the approval of the first planning permit required for the development. **The City does not enforce CC & R’s.**

B. The CC & Rs shall not violate any city ordinance requirements unless modified by city approval of the project and shall include at a minimum:

1. Where applicable, summary of any hazard analysis performed as part of the project approval pursuant to §§17.8.300

et seq. and any recommendations or requirements from that analysis to obtain a building permit ;

2. Provisions to adequately maintain any common area including but not necessarily limited to identification of the party responsible for maintaining the area and sufficient annual funding to conduct necessary maintenance;

3. Any other provisions required by conditions of approval; and

4. A section that states those provisions in the CC & Rs required by the city can’t be changed or deleted without approval by the Community Development Director.

§ 17.8.1100 GENERAL STANDARDS FOR ALL CANNABIS FACILITIES.

A. The application shall demonstrate compliance with the locational requirements of O.R.S. Chapter 475B **475C** and must maintain State certification at all times.

B. Cannabis-related activities are prohibited on publicly-owned lands.

C. Entrances and off-street parking areas shall be well-lit and not visually obscured from public view/right-of-way. Landscaping shall be continuously maintained to provide clear lines of sight from public rights-of-way to all building entrances. Interior building lighting, exterior building lighting and parking area lighting shall be of sufficient foot-candles and color rendition so as to allow the ready identification of any individual at a distance of no less than 40 feet. Exterior lighting shall be provided in accordance with required security measures and shall be continuously maintained.

D. The facility must provide for secure disposal or render impotent cannabis remnants or byproducts, or items with cannabis residue of any kind.

E. All hazardous materials shall be stored and processed in a manner approved by the City Fire Marshal. Hazardous waste shall be disposed of properly through a properly licensed solid waste disposal or recycling facility.

F. A pre-application conference and conditional use approval (§§ 17.1.200 et seq.) is required for any cannabis producer , processor , wholesaler or testing laboratory. A neighborhood meeting may be required as part of the pre-application process pursuant to §§ 17.1.220 et seq.

G. The city shall not issue any other permit for development until final Conditional Use approval has been granted.

H. Any person or property in violation of §§ 17.8.1100 et seq. is subject to abatement and assessment by the city under the abatement procedures set forth in §§ 91.050 through 91.054.

Exhibit “A”

§ 17.8.620 SIDEWALKS.

A. Sidewalks required. Sidewalks shall be constructed, replaced or repaired to city design standards as set forth in the standard specifications manual and located as follows:

1. On both sides of arterial and collector streets to be built at the time of street construction, **unless determined by the City Engineer to be installed on a later date certain**;
2. On both sides of all other streets and in pedestrian easements and rights-of-way, except as provided further in this section, to be constructed along all portions of the property designated for pedestrian ways in conjunction with development of the property; and
3. On one side of any industrial street to be constructed at the time of street construction or after determination of curb cut locations.

Exhibit "A"

ADJUSTMENT

§ 17.2.110 PROCEDURE.

A. Excluding mandatory adjustments for housing development projects, Requests for changes of less than 10% of the setback, height or lot coverage standard shall follow the Type I process.

B. Excluding mandatory adjustments for housing development projects, Requests for changes from 10% to 20% of the setback, height or lot coverage standard shall follow the Type II process.

C. Mandatory adjustments for a housing development project shall be approved if:

1. An adjustment is requested up to 10% of a rear or side setback;
2. An adjustment is requested up to 25% of a minimum common area, minimum open space, and/or landscaping area requirement;
3. An adjustment is requested to minimum parking requirements;
4. An adjustment is requested for minimum lot sizes, not more than a 10 percent adjustment, and including not more than a 10 percent adjustment to lot widths or depths;
5. An adjustment is requested for maximum lot sizes, not more than a 10 percent adjustment, including not more than a 10 percent adjustment to lot width or depths and only if the adjustment results in:

(A) More dwelling units than would be allowed without the adjustment; and

(B) No reduction in density below the minimum applicable density.

6. An adjustment is requested for building lot coverage requirements for up to a 10 percent adjustment;

7. An adjustment is requested for manufactured dwelling parks, middle housing as defined in ORS 197A.420, multifamily housing and mixed-use residential housing;

(A) Requirements for bicycle parking that establish:

(i) The minimum number of spaces for use by the residents of the project, provided the application includes at least one-half space per residential unit; or

(ii) The location of the spaces, provided that lockable, covered bicycle parking spaces are within or adjacent to the residential development;

(B) For uses other than cottage clusters, as defined in ORS 197A.420 (1)(c)(D), building height maximums that:

(i) Are in addition to existing applicable height bonuses, if any; and

(ii) Are not more than an increase of the greater of:

(I) One story; or

(II) (A) 20 percent increase to base zone height with rounding consistent with methodology outlined in city code, if any;

(C) Unit density maximums, not more than an amount necessary to account for other adjustments under this section; and

(D) Prohibitions, for the ground floor of a mixed-use building, against:

(i) Residential uses except for one face of the building that faces the street and is within 20 feet of the street; and

(ii) Nonresidential active uses that support the residential uses of the building, including lobbies, day care, passenger loading, community rooms, exercise facilities, offices, activity spaces or live-work spaces, except for active uses in specifically and clearly defined mixed use areas or commercial corridors designated by local governments.

8. An adjustment is requested for the following design standards:

(A) Façade articulation, materials, color, or pattern

(B) Roof forms and materials

(C) Entry and Garage Door Materials

(D) Garage Door Articulation, unless the building is adjacent to or across from a public park

(E) Window materials, except for bird-safe glazing requirements

(F) Total window area, for up to a 30 percent adjustment, provided the application includes at least 12 percent of the total facade as window area.

(G) For manufactured dwelling parks, middle housing as defined in ORS 197A.420, multifamily housing and mixed-use residential:

(i) Building orientation requirements, not including transit street orientation requirements.

(ii) Building height transition requirements, not more than a 50 percent adjustment from the base zone.

(iii) Requirements for balconies and porches

(iv) Requirements for recesses and offsets

Exhibit "A"

G.D. Requests for changes to standards other than **the provisions of this section** ~~setback, height or lot coverage, or which are for more than 20% of the setback, height or lot coverage standard~~ are processed as variances under § 17.2.700.

§ 17.2.120 REVIEW CRITERIA.

A. Type I Adjustment Process.

1. The requested adjustment is for less than 10% of the setback, height or lot coverage standard; and
2. Granting an adjustment shall be consistent with the purpose of the affected zoning.

B. Type II Adjustment Process.

1. The requested adjustment is from 10% to 20% of the setback, height or lot coverage standard;
2. Granting the adjustment will be consistent with the purpose of the affected zoning district or meet or exceed the purpose of the standard to be modified;
3. If in a residential zone, the adjustment will not significantly detract from the livability or appearance of the residential area. If in a commercial or industrial zone, the adjustment will be consistent with the desired character of the area;
4. If more than one adjustment is requested, the cumulative effect of the adjustments shall result in a project which is consistent with the overall purpose of the zone; and
5. Any impacts resulting from the adjustment are mitigated to the extent practical.

§ 17.12.210 MEANING OF SPECIFIC WORDS AND TERMS

H3. HOUSING DEVELOPMENT PROJECT. In relation to **SB1537 Section 38 Mandatory Adjustments**, a housing development project is a proposed residential project with a minimum net density of 6 units per acre.



Development Code Text Amendments

Matt Johnson | Senior Planner

Bryan Pohl | Community Development Director

City Council Regular Meeting 2/23

City of Forest Grove

AGENDA

Purpose & Background

Industrial Standards

Residential Standards

Non-Residential Uses

Non-Residential Standards

Mandatory Adjustments

PURPOSE

The purpose of this agenda item is to consider Development Code revisions.

The Development Code is a set of regulations and standards that control how land is used and developed within the City.

Re-examining local standards can support the community's long-term goals for thoughtful and sustainable growth that reflect the vision and priorities identified by Forest Grove residents. The Community Development Department maintains a living document that lists potential changes and revisions to the code to be considered annually.

2040 VISION PLAN

Community Growth- Increase supply of diverse and affordable housing options

- Address rent burden in the community by expanding opportunities for affordable housing development.
- Develop policies and programs that allow for ADU flexibility.

Economic Growth - Create a balanced and diversified economy comprised of a variety of commercial and industrial businesses offering high-paying job opportunities.

- Increase volume and diversity of commercial development.
- Increase industrial business development.

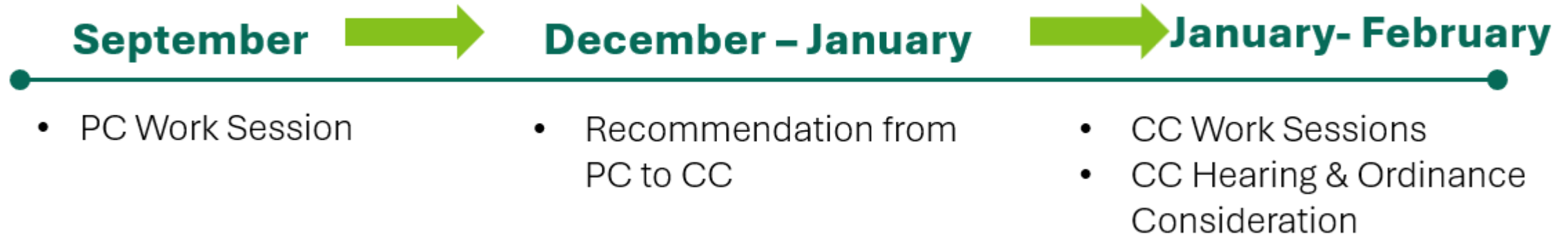


BACKGROUND

The Planning Commission held a work session to discuss potential text amendments on September 15th.

On December 15th the Planning Commission voted unanimously to recommend the code amendments to the City Council for approval.

On January 12th and January 26th of this year, the City Council held work sessions to discuss the potential text amendments.



INDUSTRIAL STANDARDS

- Changes to Building Setbacks & Building Height when adjacent to a Residential Zone.

BUILDING SETBACKS & BUILDING HEIGHT⁷

§ 17.3.530 INDUSTRIAL ZONE DEVELOPMENT STANDARDS.

Table 3-13: Industrial Zone Dimensional Requirements

STANDARD	LI	GI	BIP
Minimum Lot Size	10,000 square feet	10,000 square feet	20,000 square feet
Minimum Lot Width	100 feet	100 feet	100 feet
Minimum Lot Depth	None	None	None
Minimum Yard Setbacks [1]	None; 50 feet from a residential zone	None; 50 feet from a residential zone	Front : 20 feet Interior side: 10 feet Rear : 10 feet
Maximum Building Height [2] [3]	None; 45 feet from a residential zone	None; 45 feet from a residential zone	45 feet
Maximum Building Coverage			50%
Minimum Landscaping			15%

Footnotes:

[1] A setback and buffer may be required where a LI or GI boundary abuts a less intensive zone. See screening and buffering standards in Article 8. **When an industrial site is separated from a residential zone by either a dedicated public street, or a railroad main line or spur track, no setback shall be required in that yard adjacent to the residential zone.**

[2] Building height unlimited per the Building Code with the installation of a sprinkler system approved by the Forest Grove Fire Department in all buildings over two stories.

[3] The maximum height of 45 feet may be increased with increased setbacks (1 foot additional height per 1 additional foot of building setback)

RESIDENTIAL STANDARDS

- Addition of comprehensive plan target densities
- Revised definition of building height
- Revisions to ADU standards
- Clarification of Townhome setback requirements
- Clarification of historic review garage standards
- Additional statement for Private Restrictions/ CCR's.

COMPREHENSIVE PLAN TARGET DENSITIES⁹

Provide clarification on target densities for new, proposed subdivision design. Meet the requirements of Metro (Urban Growth Management Functional Plan).

§ 17.3.110 LIST OF RESIDENTIAL ZONES.

A. Suburban Residential SR. The SR zone is intended for development of housing at a **target density of 1.0 dwelling unit per net acre**. Detached single-family housing will be the predominant housing type in this zone. Accessory dwelling units are also permitted subject to the density limitations of the zone. A limited range of compatible non-residential uses such as parks and schools are permitted or allowed with conditional use permit approval.

B. Residential R-7. The R-7 zone is intended for development of a variety of housing types including single-unit detached, accessory dwelling units, duplexes, threeplexes, quadplexes, townhomes and cottage clusters, **with a target density of 6.22 dwelling units per net acre**. Detached single-family housing will likely be the predominant housing type in this zone. A limited range of compatible non-residential uses such as parks and schools are also permitted or allowed with conditional use permit approval.

C. Residential R-5. The R-5 zone is intended for development of a variety of housing types including single-unit detached, accessory dwelling units, duplexes, threeplexes, quadplexes, townhomes and cottage clusters, **with a target density of 8.71 dwelling units per net acre**. Detached single-family housing will likely be the predominant housing type in this zone. A limited range of compatible non-residential uses such as parks and schools are also permitted or allowed with conditional use permit approval.

D. Residential Medium RM. The RM zone is intended for development of single-unit detached, single unit attached and small multi-unit dwellings homes on small lots, **with a target density of 12 dwelling units per net acre**. A limited range of compatible non-residential uses such as parks and schools are also permitted or allowed with conditional use permit approval. The RM zone functions as a transition zone between the lower density residential zones and the higher intensity residential and non-residential zones.

E. Residential High RH. The RH zone is intended for development of multi-unit residential buildings, **with a target density of 20.28 dwelling units per net acre**. This zone also allows small lot single-unit homes. RH zoning is generally applied near transit streets and adjacent to commercial districts. The RH zone also allows a limited range of non-residential uses to help provide services for residents and enhance the quality of the higher density neighborhood.

RESIDENTIAL BUILDING HEIGHT

A building story height can vary depending on the proposed design. City Staff recommends a fixed number to regulate building height.

§ 17.3.130 RESIDENTIAL DEVELOPMENT STANDARDS.

E. *Building height.* Building height standards are used to establish a compatible building scale. This can help to create a harmonious visual setting and helps to bring about a successful mixing of diverse housing types.

1. Buildings in the SR, R-7, R-5 and RM Zones are limited to a maximum height of ~~two and one half stories or 35 feet, whichever is less.~~ Accessory buildings are limited to a maximum height of ~~one and one half stories or 25 feet, whichever is less.~~
2. Buildings in the RH Zone are limited to a maximum height of ~~three stories or 45 feet, whichever is less.~~

[1] The side yard setback for attached single-unit dwellings /townhomes shall be a minimum of zero feet at common walls and five feet ~~or one foot for each three feet of building height~~ at the eave line, from the end of the unit series. Unless approved by the Director, the dwellings shall be arranged on lots in a manner that the non-zero setback portion for one lot shall be adjacent to the non-zero setback portion on the adjoining lot in order to provide greater continuous open space.

ACCESSORY DWELLING UNITS (ADU'S)

1
1

Allow greater square footage for proposed ADU's. Currently, ADU's are limited to 720 sq ft, including non-habitable space (garages, attics, ect.) This code revision will align with what is currently allowed for all accessory structures/ non-ADU's

ACCESSORY DWELLING UNITS § 17.7.010 PROCEDURE.

An ~~Application~~ application ~~for~~ for an accessory dwelling unit shall be reviewed by the Director under the Type I procedure.

§ 17.7.015 STANDARDS.

One accessory dwelling unit may be allowed in conjunction with a single-family dwelling by conversion of an existing space, by means of an addition, or as an accessory structure - including a manufactured home - on the same lot with an existing dwelling, subject to the following standards and limitations:

- A. Manufactured home ADUs are not allowed in historic districts;
- B. Any addition shall not increase the gross floor area of the original dwelling by **a ground floor area of 720 square feet.**
- C. The ~~gross~~ **gross ground** floor area of the accessory dwelling unit shall not exceed 720 square feet. However, accessory dwellings that result from the conversion of a level or floor (e.g., basement, attic, or second story) of the primary dwelling may occupy the entire level or floor, even if the floor area of the accessory dwelling would exceed 720 square feet;
- D. ADUs may not be constructed from portable metal structures that require no assembly, such as shipping containers; and
- E. The accessory dwelling unit shall comply with applicable fire and life safety codes.

HISTORIC GARAGES

1
2

Clarify code regarding historic regulations as they pertain to proposed garage doors. This corrects a scrivener's error.

§ V FOCUS AREA HISTORIC DISTRICT DESIGN GUIDELINES OUTBUILDINGS AND GARAGES TRACK 1 STANDARDS

Related Code Standards

· Garage Doors: Total width is limited to ~~2~~ **1/3** of the primary building face width if facing a street. Height is limited to eight feet. Construction, style and materials shall be consistent with the main building. A maximum of one double garage door or two single doors facing the street is allowed per 50 feet of lot width. No width constraint if facing the alley.

COVENANTS, CONDITIONS, AND RESTRICTIONS (CC&R'S)

Clarify that the City does not enforce private neighborhood restrictions (paint color, fence and building materials, and other “above and beyond” regulations that are not enforceable by the City).

§ 17.8.1000 COVENANTS, CONDITIONS AND REQUIREMENTS.

Where proposed, Covenants, Conditions and Requirements (CC & Rs) shall:

A. Be reviewed and approved by the Community Development Director prior to approval of a final partition , final plat, final planned development review or, if none of the above, prior to the approval of the first planning permit required for the development. **The City does not enforce CC & R's.**

NON-RESIDENTIAL USE REGULATIONS

1
4

- Allow Office Uses in a “Neighborhood Mixed Use” Zone.
- Revised “Building” and “Structure” Definitions.

NEIGHBORHOOD MIXED USE (NMU) OFFICE USES ALLOWED

- Allow office uses within a Neighborhood Mixed Use (NMU) zone. Footnote 16 within the Mixed Use and Commercial Zone Use Table prohibits office uses when proposed in a NMU zone.

§ 17.3.320 USE REGULATIONS.

USE CATEGORY	NC	CC	NMU
COMMERCIAL			
Commercial Lodging	N	L[5][20]	L[15][20]
Eating and Drinking Establishments	L[6]	P	L[15]
Entertainment – Oriented:			
- Major Event Entertainment	N	C	N
- Outdoor Entertainment	N	C	N
- Indoor Entertainment	N	P	L[15]
General Retail:			
- Sales-Oriented	L[7]	L[7]	L[15]
- Personal Services	P	P	L[15]
- Repair-Oriented	P	P	L[15]
- Bulk Sales	N	P	N
- Outdoor Sales	L[8]	L[8]	L[15]
- Animal-Related	N	P	N
Medical Centers	N	L[12]	N
Motor Vehicle Related:			
- Motor Vehicles Sale/Rental	N	L[9]	N
- Motor Vehicle Servicing/Repair	N	P	L[16]
- Motor Vehicle Fuel Sales	P[10]	P	N
Non-Accessory Parking	N	P	N
Office	L[17]	L[17]	L[16][17]
Self-Service Storage	N	C	N

BUILDING & STRUCTURE DEFINITIONS

This proposed amendment will fix a contradiction, reconciling definitions within the Development Code.

§ 17.12.210 MEANING OF SPECIFIC WORDS AND TERMS.

B8. *BUILDING*. ~~That which is built or constructed, an edifice or building of any kind, or any piece of work artificially built up or composed of parts joined together in some definite manner.~~ **A walled and roofed structure including a gas or liquid storage tank that is principally above ground.**

S10. *STRUCTURE*. ~~A walled and roofed building including a gas or liquid storage tank that is principally above ground.~~ **That which is built or constructed, an edifice or building of any kind, or any piece of work artificially built up or composed of parts joined together in some definite manner**

NON-RESIDENTIAL STANDARDS

- Revise and clarify landscape, buffer, and screening standards.
- Revise sidewalk construction standards.
- Update state-revised statute number for cannabis facilities.

LANDSCAPE BUFFER AND SCREENING

Buffers are better applied to the abutting uses and not the abutting zones.

§ 17.8.425 BUFFERING AND SCREENING STANDARDS.

Table 8-2: Buffer Matrix Proposed Use

Development Site -> Abutting Use	Single Units, Detached; Manufactured Units	Attached Single Units and Multifamily, 1-5 Units; Duplexes	Attached Single Units and Multifamily, 5+ Units	Commercial and Institutional Zones (NC, CC, INST) Uses	Town Center Zones (TCC, TCT)	Industrial Zones (LI, GI) Uses
Detached Single Units; Manufactured Units	-	A	C	D	E	E
Attached Single Units and Multifamily, 1-5 Units, Duplexes	A	-	B	D	E	E
Attached Single Units and Multifamily, 5+ Units	A	A	-	D	E	E
Commercial Zones (NC, CC) and Institutional Uses	C	C	C	-	-	D
Town Center Zones (TCC, TCT)	E	E	E	-	-	D
Industrial Zones (LI, GI) Uses	D	D	D	B	-	-

Note: See Table 8-3 for alternative combinations for meeting these screening requirements

LANDSCAPE BUFFER AND SCREENING

The new footnotes point to a separate portion of code that requires landscaping within a required buffer, in addition to the options within table 8-3 below; and, a footnote to not require a buffer when an industrial development is located next to a non-conforming use within an industrial zone.

Table 8-3 Buffer Combinations for Landscaping and Screening [1]

	<i>Options</i>	<i>Minimum Width (feet)</i>	<i>Trees (per linear feet of buffer)</i>	<i>Shrubs or Groundcover</i>	<i>Screening</i>
A	--	10	--	Lawn/living groundcover	--
B	--	10	20' min/30' max spacing	Lawn/living groundcover	--
C	1	10	15' min/30' max spacing	Shrubs	4' hedges
	2	8		Shrubs	5' fence
	3	6		Shrubs	6' wall
D	1	20	10' min/20' max spacing	Shrubs	6' hedge
	2	15		Shrubs	6' fence
	3	10		Shrubs	6' wall
E	1	30	10' min/20' max spacing	Shrubs	6' hedge or fence
	2	25		Shrubs	5' earthen berm or wall

[1] Buffers are not required between abutting uses that are not of a different type when the uses are separated by a street. Adjustments from these requirements can be obtained; see Article 2.

[2] 17.8.425(b)(3) applies in addition to the buffer combinations within Table 8-3.

[3] Buffer options are not required when an industrial use is abutting a non-conforming use within an industrial zone.

ORS CANNABIS FACILITIES

2
0

Accurately reflect the State Statute section regulating cannabis facilities.

§ 17.8.1100 GENERAL STANDARDS FOR ALL CANNABIS FACILITIES.

A. The application shall demonstrate compliance with the locational requirements of O.R.S. Chapter ~~475B~~ **475C** and must maintain State certification at all times.

COLLECTOR ROAD SIDEWALK INSTALLATION

2
1

If a collector road is proposed within a new residential subdivision, this code amendment will prevent residential driveways from replacing new sidewalk installation.

§ 17.8.620 SIDEWALKS.

A. Sidewalks required. Sidewalks shall be constructed, replaced or repaired to city design standards as set forth in the standard specifications manual and located as follows:

1. On both sides of arterial and collector streets to be built at the time of street construction, **unless determined by the City Engineer to be installed on a later date certain;**
2. On both sides of all other streets and in pedestrian easements and rights-of-way, except as provided further in this section, to be constructed along all portions of the property designated for pedestrian ways in conjunction with development of the property; and
3. On one side of any industrial street to be constructed at the time of street construction or after determination of curb cut locations.

MANDATORY ADJUSTMENTS

2
2

- Revise the existing “Adjustments” Section to incorporate the required “Mandatory Adjustments” and ultimately allow for more flexibility of development standards as applied to residential development with a net 6 units per acre.

MANDATORY ADJUSTMENTS

ADJUSTMENT § 17.2.110 PROCEDURE.

- A. **Excluding mandatory adjustments for housing development projects**, Requests for changes of less than 10% of the setback, height or lot coverage standard shall follow the Type I process.
- B. **Excluding mandatory adjustments for housing development projects**, Requests for changes from 10% to 20% of the setback, height or lot coverage standard shall follow the Type II process.
- C. **Mandatory adjustments for a housing development project shall be approved if:**
1. **An adjustment is requested up to 10% of a rear or side setback;**
 2. **An adjustment is requested up to 25% of a minimum common area, minimum open space, and/or landscaping area requirement;**
 3. **An adjustment is requested to minimum parking requirements;**
 4. **An adjustment is requested for minimum lot sizes, not more than a 10 percent adjustment, and including not more than a 10 percent adjustment to lot widths or depths;**
 5. **An adjustment is requested for maximum lot sizes, not more than a 10 percent adjustment, including not more than a 10 percent adjustment to lot width or depths and only if the adjustment results in:**
 - (A) **More dwelling units than would be allowed without the adjustment; and**
 - (B) **No reduction in density below the minimum applicable density.**
 6. **An adjustment is requested for building lot coverage requirements for up to a 10 percent adjustment;**
 7. **An adjustment is requested for manufactured dwelling parks, middle housing as defined in ORS 197A.420, multifamily housing and mixed-use residential housing;**
 - (A) **Requirements for bicycle parking that establish:**
 - (i) **The minimum number of spaces for use by the residents of the project, provided the application includes at least one-half space per residential unit; or**
 - (ii) **The location of the spaces, provided that lockable, covered bicycle parking spaces are within or adjacent to the residential development;**
 - (B) **For uses other than cottage clusters, as defined in ORS 197A.420 (1)(c)(D), building height maximums that**
 - (i) **Are in addition to existing applicable height bonuses, if any; and**
 - (ii) **Are not more than an increase of the greater of:**
 - (I) **One story; or**
 - (II) **(A 20 percent increase to base zone height with rounding consistent with methodology outlined in city code, if any;**

MANDATORY ADJUSTMENTS

(C) Unit density maximums, not more than an amount necessary to account for other adjustments under this section; and

(D) Prohibitions, for the ground floor of a mixed-use building, against:

(i) Residential uses except for one face of the building that faces the street and is within 20 feet of the street; and

(ii) Nonresidential active uses that support the residential uses of the building, including lobbies, day care, passenger loading, community rooms, exercise facilities, offices, activity spaces or live-work spaces, except for active uses in specifically and clearly defined mixed use areas or commercial corridors designated by local governments.

8. An adjustment is requested for the following design standards:

(A) Façade articulation, materials, color, or pattern

(B) Roof forms and materials

(C) Entry and Garage Door Materials

(D) Garage Door Articulation, unless the building is adjacent to or across from a public park

(E) Window materials, except for bird-safe glazing requirements

(F) Total window area, for up to a 30 percent adjustment, provided the application includes at least 12 percent of the total facade as window area.

(G) For manufactured dwelling parks, middle housing as defined in ORS 197A.420, multifamily housing and mixed-use residential:

(i) Building orientation requirements, not including transit street orientation requirements.

(ii) Building height transition requirements, not more than a 50 percent adjustment from the base zone.

(iii) Requirements for balconies and porches

(iv) Requirements for recesses and offsets

~~C.D.~~ Requests for changes to standards other than **the provisions of this section** setback, height or lot coverage, or which are for more than 20% of the setback, height or lot coverage standard are processed as variances under § 17.2.700.

MANDATORY ADJUSTMENTS

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§ 17.12.210 MEANING OF SPECIFIC WORDS AND TERMS

H3. HOUSING DEVELOPMENT PROJECT. In relation to SB1537 Section 38 Mandatory Adjustments, a housing development project is a proposed residential project with a minimum net density of 6 units per acre.

QUESTIONS or DISCUSSION
