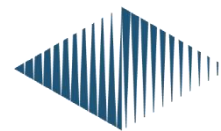


City of Sweet Home

Financial Statements Supplementary Information and
Independent Auditor's Report

June 30, 2022



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

CITY OF SWEET HOME, OREGON

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



BRANDON NEISH, FINANCE DIRECTOR

Prepared by:

The Finance Department
City of Sweet Home, Oregon

CITY OF SWEET HOME
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CITY OF SWEET HOME
CITY OFFICIALS
JUNE 30, 2022

MAYOR

Term Expires

Greg Mahler, Mayor

December 31, 2022

CITY COUNCIL MEMBERS

Diane Gerson, President Pro-Tem

December 31, 2022

Susan Coleman

December 31, 2022

Dylan Richards

December 31, 2022

Lisa Gourley

December 31, 2024

Angelita Sanchez

December 31, 2024

Dave Trask

December 31, 2024

The above individuals may be contacted at the address below

CITY ADMINISTRATION

Kelcey Young, City Manager

Robert Snyder, City Attorney

Matt Brown, Finance Director (Contracted)

W. Blair Larsen, Community and Economic Development Director

Jeff Lynn, Police Chief

Rose Peda, Library Director

Greg Springman, Public Works Director

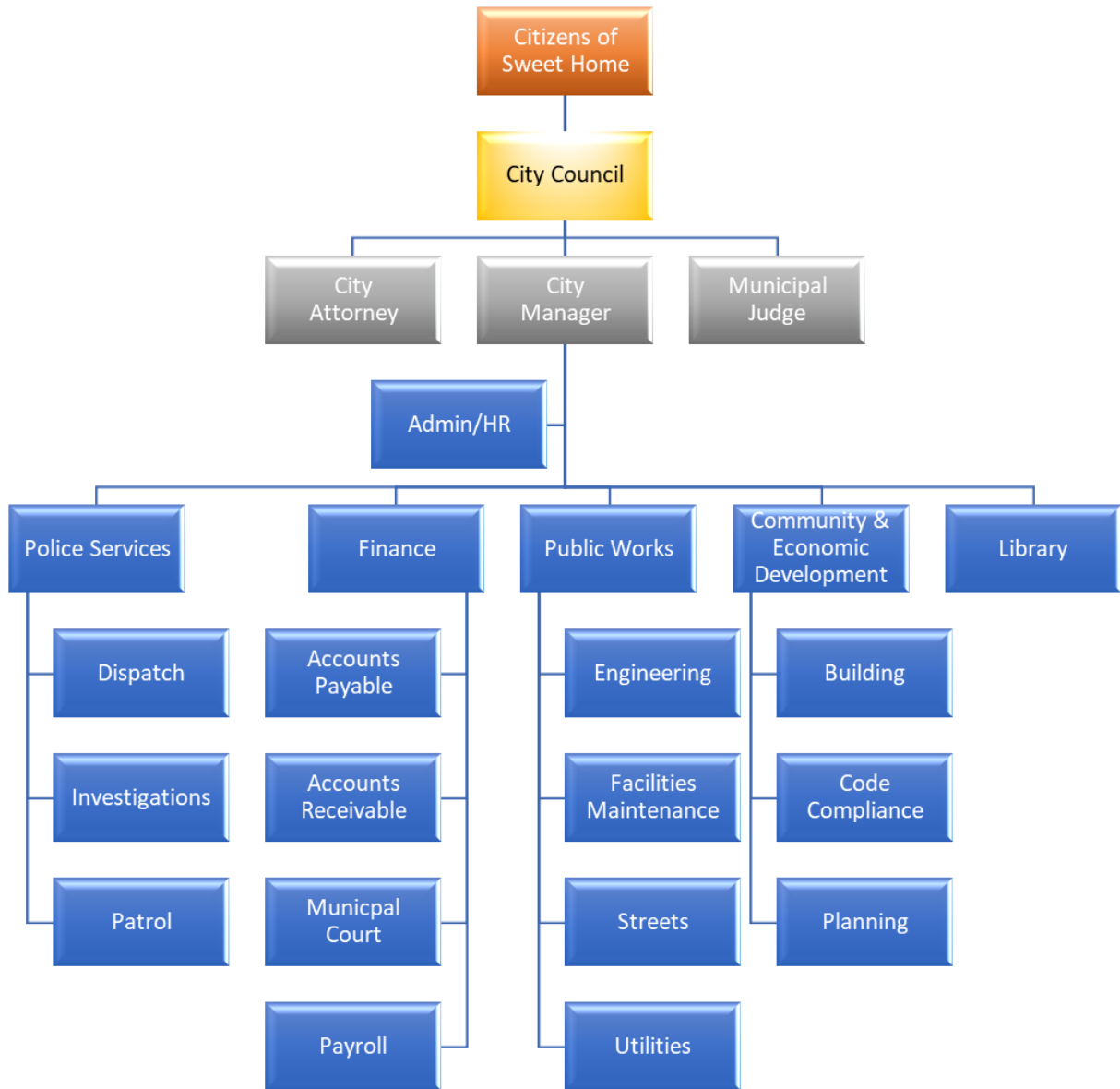
MAILING ADDRESS

City Hall

3225 Main Street

Sweet Home, Oregon 97386

(541) 367-5128





GROVE, MUELLER & SWANK

redw
Advisors & CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable Susan Coleman, Mayor
and Members of the City Council
3225 Main Street
Sweet Home, Oregon 97386

Report on the Financial Statements

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

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sweet Home, Oregon as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedules of revenues, expenditures and changes in fund balance – budget to actual for the General, Public Levy and State Gas Tax funds (“the budgetary schedules”), the schedule of the City's proportionate share of the net pension liability – Oregon public employees retirement system, and the schedule of the City's contributions – Oregon public employees retirement system (PERS schedules), the schedule of the changes in total other post-employment benefits liability and related ratios, the schedule of the City's proportionate share of the net OPEB liability (asset) – Oregon public employees retirement system retiree health insurance account, and the schedule of the City's contributions – Oregon public employees retirement system retiree health insurance account (OPEB schedules) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management discussion and analysis, PERS schedules and OPEB schedules described in the preceding paragraph 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subject 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 budgetary schedules are 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 City's basic financial statements. The supplementary information and other financial schedules (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 supplementary information is fairly presented, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section 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.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated May 9, 2024, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, appearing to read 'RTP', with a long horizontal line extending to the right.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
May 9, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2022

This discussion and analysis present the highlights of financial activities and financial position for the City of Sweet Home. The analysis focuses on significant financial 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 city.

Management's Discussion and Analysis (MD&A) focuses on the current year's activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

City of Sweet Home
Statement of Net Position (GAAP Basis)
June 30,
(in thousands)

	<i>June 30,</i>		
	<u>2022</u>	<u>2021</u>	<u>change</u>
Net position	\$ 42,880	\$ 37,724	\$ 5,156
Change in net position	5,156	2,855	2,301
Governmental activities net position	19,596	18,138	1,458
Business-type activities net position	23,284	19,586	3,698
Change in governmental net assets	1,458	63	1,395
Change in proprietary net assets	3,698	2,792	906

Overall, the City's net position increased \$5,156 thousand (or 13%). The majority of this increase was shown in Business-Type activities, which is a result of revenues exceeding budget and previous years in the city's proprietary funds of Water, Sewer, and Stormwater.

REPORT LAYOUT

The City's annual financial report consists of different sections that outline the components of an Annual Financial Report.

- 1) Independent Auditor's Report – This section outlines the overview of the entire audit and states most importantly what opinion is given of the financial statements.
- 2) Management's Discussion and Analysis – This section allows management to discuss and highlight financial activities that make up the financial statements and discuss notable changes from the previous years or expectations in future years dependent on economic factors that may affect the city.
- 3) Basic Financial Statements – This section presents the basic financial statements that include a State of Net Position, Statement of Activities, Notes on the basic Financial Statements and a financial statement for each fund the city operates.

- 4) Other Required Supplementary Information – Other required information typically entails combining statements, budgetary comparisons, PERS (Public Employees Retirement System) schedules, and OPEB (Other Post Employment Benefits) schedules.
- 5) Reports by Independent CPA – This is the auditor’s opinion regarding the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of American

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects a statement of net position of governmental and business-type funds compared to the prior year. Detail of this summary is presented in the Financial Statement section of the report.

	Statements of Net Position					
	June 30,					
	(in thousands)					
	2022			2021		
	<i>Governmental</i>	<i>Business-type</i>		<i>Governmental</i>	<i>Business-type</i>	
	<i>Activities</i>	<i>Activities</i>	<i>Total</i>	<i>Activities</i>	<i>Activities</i>	<i>Total</i>
Cash and investments	\$ 9,933	\$ 8,383	\$ 18,316	\$ 7,687	\$ 6,800	\$ 14,487
Other assets	137	1,345	1,482	153	1,375	1,528
Capital assets	12,191	27,714	39,905	12,254	25,588	37,842
<i>Total Assets</i>	22,261	37,442	59,703	20,094	33,763	53,857
Deferred outflows	913	7	920	1,035	5	1,040
Other liabilities	596	1,046	1,642	141	475	616
Long-term liabilities	1,766	13,111	14,877	2,634	13,702	16,336
<i>Total Liabilities</i>	2,362	14,157	16,519	2,775	14,177	16,952
Deferred Inflows	1,216	8	1,224	216	5	221
Net position:						
Net investment in capital assets	12,150	14,668	26,818	12,217	17,727	29,944
Restricted	7,071	1,181	8,252	5,896	1,181	7,077
Unrestricted	375	7,435	7,810	25	678	703
<i>Total Net Position</i>	\$ 19,596	\$ 23,284	\$ 42,880	\$ 18,138	\$ 19,586	\$ 37,724

The following table reflects a change in activities for governmental and proprietary funds compared to the prior year. Details of this summary are presented in the Financial Statement section of the report.

Statements of Activities						
June 30,						
(in thousands)						
	2022			2021		
	Governmental	Business-		Governmental	Business-	
	Activities	type	Total	Activities	type	Total
	Activities	Activities		Activities	Activities	
Revenues						
Program Revenues						
Charges for service	\$ 2,168	\$ 6,208	\$ 8,376	\$ 1,855	\$ 5,732	\$ 7,587
Operating grants and contributions	259	-	259	1,568	1	1,569
Capital grants and contributions	-	950	950	-	1,029	1,029
General Revenues						
Taxes and assessments	4,882	-	4,882	4,510	-	4,510
Other	4,034	1,143	5,177	1,478	77	1,555
Total Revenues	11,343	8,301	19,644	9,411	6,839	16,250
Expenses						
Programs	9,671	4,817	14,488	9,360	4,035	13,395
Transfers						
	(214)	214	-	12	(12)	-
Change in Net Position						
	1,458	3,698	5,156	63	2,792	2,855
Beginning Net Position						
	18,138	19,586	37,724	18,075	16,794	34,869
Ending Net Position						
	\$ 19,596	\$ 23,284	\$ 42,880	\$ 18,138	\$ 19,586	\$ 37,724

FUND FINANCIAL ANALYSIS: GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. A fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the main operating fund for the City of Sweet Home. At the end of the fiscal year, the city saw the General Fund balance decrease by \$215,275 from the previous fiscal year. Half of this reduction, in general terms, is because expenses at the end of the year were higher than resources brought in. The other half of the reason for the decrease was a transfer out to another fund. Currently, the ending fund balance represents about 60% of the General Fund expenses.

Police Fund. The Public Safety Fund saw an increase to their ending fund balance by \$878,534. Currently, the ending fund balance represents about 115% of the Police Fund's expenses.

State Gas Tax Fund. The State Gas Tax Fund saw an increase to their ending fund balance by \$430,247. Currently, the ending fund balance represents about 52% of the fund's expenses.

FUND FINANCIAL ANALYSIS: PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner like private business enterprises. The intent is that the costs for providing the services to the public on a continuing basis be financed primarily through user charges. These funds represent three segments of operations: Water, Wastewater, and Stormwater.

Water Operations. Water operations accounts for the operation of the City's water department and facilities. The net position of the Water Operations Fund increased by \$1.3 million. It is important to note that the City has separate funds for capital projects and depreciation reserves which are not accounted for in the Operations Fund.

Wastewater Operations. Wastewater Operations accounts for the operation of the City's sewer utility and related facilities. The net position of the Wastewater Operations Fund increased \$2.2 million. It is important to note that the City has separate funds for capital projects and depreciation reserves which are not accounted for in the Operations Fund.

FUND BALANCES

The following table reflects a summary of ending fund balances for governmental funds compared to the prior year. Details of this summary are presented in the Financial Statement section of the audit report.

Major Funds	Governmental Funds - Fund Balances					
	June 30,					
	(in thousands)					
	2022		2021		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 1,308	15%	\$ 1,523	22%	\$ (215)	-14%
Police Levy	3,198	36%	2,320	33%	878	38%
State Gas Tax	547	6%	117	2%	430	368%
Other Governmental Funds	3,891	43%	3,087	45%	804	26%
Total fund balances	\$ 8,944	100%	\$ 7,047	102%	\$ 1,897	27%

The following table reflects a summary of ending fund net position for business-types activities compared to the prior year. Details of this summary are presented in the Financial Statement section of the audit report.

Major Funds	Proprietary Funds - Fund Balances					
	June 30,					
	(in thousands)					
	2022		2021		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water Operations	\$ 5,747	25%	\$ 4,498	23%	\$ 1,249	28%
Wastewater Operations	17,116	74%	14,801	76%	2,315	16%
Other Business-type Funds	422	2%	287	0%	135	47%
Total fund net position	\$ 23,284	101%	\$ 19,586	99%	\$ 3,698	19%

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The City Council and Budget Committee have maintained a desire for fund balances in the General Fund, Police, Library to contain at least 90 days expenditure reserves each budget year. Maintaining these reserves ensures the funds remain on a solid footing while still being able to sustainably grow services where and when they are needed. The goal is also to maintain enough operating reserves until the first property tax receipts in November each year are received.

For all other funds revenue receipts are consistent. Water and wastewater funds, for example generate revenue through utility payments from customers. These payments are made monthly and are static in revenue estimates. In these funds, efforts are made to maintain a similar 90-day reserve policy each budget year along with showing funds available for ongoing capital project improvements that are necessary.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no large changes in the General Fund adopted budget during the 2022 fiscal year that required a supplemental budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business activities as of year-end was \$39 million (net of accumulated depreciation). This is an increase of about \$2 million from the prior year. This investment in capital assets includes land, construction in progress, building and improvements, equipment, and infrastructure.

Capital Assets at June 30, (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and improvements	\$ 3,534	\$ 3,534	\$ -	\$ -	\$ 3,534	\$ 3,534
Buildings	10,716	10,716	24,246	21,953	34,962	32,669
Equipment	2,860	2,670	881	693	3,741	3,363
Infrastructure	26,734	25,880	10,297	10,297	37,031	36,177
Construction in progress	488	488	16,616	16,566	17,104	17,054
Accumulated depreciation	(32,188)	(31,034)	(24,465)	(23,920)	(56,653)	(54,954)
Net capital assets	<u>\$ 12,144</u>	<u>\$ 12,254</u>	<u>\$ 27,575</u>	<u>\$ 25,589</u>	<u>\$ 39,719</u>	<u>\$ 37,843</u>

The following table reconciles the changes in capital assets. Included within additions is the continuing work on the wastewater system within business-type activities. Details of this summary are presented in the Financial Statement section of the auditor report.

Changes in Capital Assets
(in thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ 12,254	\$ 25,589	\$ 37,843
Additions	1,080	2,566	3,646
Retirements	(35)	(35)	(70)
Depreciation	<u>(1,155)</u>	<u>(545)</u>	<u>(1,700)</u>
Ending balance	<u>\$ 12,144</u>	<u>\$ 27,575</u>	<u>\$ 39,719</u>

The city remains focused on replacing aging equipment. Many capital assets have reached a point where maintenance and repairs are frequent and more costly than overall replacement. As the City continues to replace aged assets, reserves will ensure timely replacements once the equipment has reached its peak efficiency.

Long-term Debt

The City's long-term debt on June 30, 2022, and 2021, is summarized below. More detailed information can be found in the debt section of the audit report.

City of Sweet Home
General Obligation Debt
June 30,
(in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Loans/leases	\$ 61	\$ 37	\$ 7,107	\$ 7,627	\$ 7,168	\$ 7,664
Bonds payable	-	-	5,270	5,505	5,270	5,505
<i>Total</i>	<u>\$ 61</u>	<u>\$ 37</u>	<u>\$ 12,377</u>	<u>\$ 13,132</u>	<u>\$ 12,438</u>	<u>\$ 13,169</u>

The City policy allows for total debt of \$28.9 million based on today's Real Market Value (RMV) of property within city limits. For the existing loans, final payments range from 2022 through the last payment in 2040. Looking forward into the future, the city has continued design work on a Wastewater Treatment Plant that will begin in the coming years. The city is anticipating taking out additional debt to help finance this project as it gets closer.

MAJOR INITIATIVES

Fiscal Stability

The City's General Fund is the most flexible fund with revenue receipts being generally unrestricted and can be spent on any piece of the City's operations. Existing expenditures in the General Fund include the operational expenses for the Municipal Court, Community & Economic Development, and city parks. Revenues are generated through a small permanent tax rate, state revenue sharing, franchise fees, and service fees/fines. The General Fund also receives transfers from operational funds for administrative costs and functions like financial services for accounts payable, accounts receivable, and payroll among many other services related to the City Manager's office and Human Resources support.

FINANCIAL CONTACT

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City of Sweet Home at 3225 Main Street, Sweet Home, Oregon 97386.

BASIC FINANCIAL STATEMENTS

CITY OF SWEET HOME, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,932,648	\$ 8,382,895	\$ 18,315,543
Accounts receivable	215,948	574,319	790,267
Property taxes receivable	182,615	-	182,615
Assessment liens receivable	5,342	64,711	70,053
Loans receivable	244,399	-	244,399
Prepaid items	57,681	24,116	81,797
Internal balances	(600,794)	600,794	-
Inventories	-	80,503	80,503
Net OPEB asset	32,653	-	32,653
Non-depreciable capital assets	4,023,062	16,615,920	20,638,982
Other capital assets, net of depreciation	8,121,817	10,958,437	19,080,254
Right to use leased assets, net of amortization	45,801	140,130	185,931
<i>Total Assets</i>	<u>22,261,172</u>	<u>37,441,825</u>	<u>59,702,997</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	875,433	-	875,433
Deferred outflows related to OPEB	37,829	6,852	44,681
<i>Total Deferred Outflows</i>	<u>913,262</u>	<u>6,852</u>	<u>920,114</u>
LIABILITIES			
Accounts payable	595,869	800,405	1,396,274
Deposits payable	-	205,844	205,844
Accrued interest payable	-	39,367	39,367
Due within one year:			
Long-term debt and right to use assets	16,996	954,857	971,853
Accrued compensated absenses	203,339	26,793	230,132
Due in more than one year:			
Long-term debt	23,993	6,652,682	6,676,675
Long-term bonds payable	-	4,800,000	4,800,000
Long-term bonds premiums	-	498,619	498,619
OPEB Liability	203,247	38,034	241,281
Net pension liability	1,283,567	-	1,283,567
Right to use - lease liability	35,303	140,130	175,433
<i>Total Liabilities</i>	<u>2,362,314</u>	<u>14,156,731</u>	<u>16,519,045</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	1,166,356	-	1,166,356
Deferred inflows related to OPEB	50,093	7,589	57,682
<i>Total Deferred Inflows</i>	<u>1,216,449</u>	<u>7,589</u>	<u>1,224,038</u>
NET POSITION			
Net investment in capital assets	12,149,691	14,668,199	26,817,890
Restricted for:			
Public safety	3,389,924	-	3,389,924
Construction	-	592,014	592,014
Community development	3,172,665	-	3,172,665
Library	508,063	-	508,063
Debt service	-	589,633	589,633
Unrestricted	375,328	7,434,511	7,809,839
<i>Total Net Position</i>	<u>\$ 19,595,671</u>	<u>\$ 23,284,357</u>	<u>\$ 42,880,028</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 2,511,700	\$ 1,804,206	\$ 6,260	\$ -
Library	408,014	4,317	3,995	-
Parks	1,217,854	45,047	3,856	-
Community development	2,374,385	116,637	145,125	334,434
Public safety	3,135,167	169,490	99,485	500,000
Community center	23,622	27,823	-	-
<i>Total Governmental activities</i>	9,670,742	2,167,520	258,721	834,434
Business-type activities:				
Water	2,842,122	2,848,234	-	(14,787)
Sewer	1,907,312	3,138,025	-	964,366
Stormwater	67,826	221,385	-	-
<i>Total Business-type activities</i>	4,817,260	6,207,644	-	949,579
<i>Total Activities</i>	<u>\$ 14,488,002</u>	<u>\$ 8,375,164</u>	<u>\$ 258,721</u>	<u>\$ 1,784,013</u>
General Revenues:				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General Revenues</i>				
<i>Gain on sale of asset</i>				
<i>Transfers</i>				
<i>Change in net position</i>				
<i>Net Position - beginning of year</i>				
<i>Net Position - end of year</i>				

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

***Net (Expenses) Revenues
and Changes in Net Position***

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (701,234)	\$ -	\$ (701,234)
(399,702)	-	(399,702)
(1,168,951)	-	(1,168,951)
(1,778,189)	-	(1,778,189)
(2,366,192)	-	(2,366,192)
4,201	-	4,201
(6,410,067)	-	(6,410,067)
-	(8,675)	(8,675)
-	2,195,079	2,195,079
-	153,559	153,559
-	2,339,963	2,339,963
(6,410,067)	2,339,963	(4,070,104)
4,881,857	-	4,881,857
718,597	-	718,597
2,408,585	1,107,397	3,515,982
66,743	36,645	103,388
8,075,782	1,144,042	9,219,824
6,027	-	6,027
(214,097)	214,097	-
1,457,645	3,698,102	5,155,747
18,138,026	19,586,255	37,724,281
\$ 19,595,671	\$ 23,284,357	\$ 42,880,028

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

CITY OF SWEET HOME, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Special Revenue</u>		
	<u>General</u>	<u>Public Safety</u>	<u>State Gas Tax</u>
ASSETS			
Cash and investments	\$ 1,643,743	\$ 3,216,008	\$ 683,051
Accounts receivable	1,337,909	-	68,075
Property taxes receivable	28,433	134,186	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid items	38,663	8,179	7,777
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 3,048,748	\$ 3,358,373	\$ 758,903
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 426,302	\$ 27,411	\$ 5,506
Due to other funds	-	-	206,186
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	426,302	27,411	211,692
Deferred Inflows			
Unavailable revenue	1,314,664	132,826	-
Fund Balance:			
Non-spendable	38,663	8,179	7,777
Restricted for:			
Public safety	-	3,189,957	-
Community development	-	-	539,434
Library	-	-	-
Committed to:			
Parks	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Unrestricted	1,269,119	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	1,307,782	3,198,136	547,211
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities, Deferred Inflows, and Fund Balances</i>	\$ 3,048,748	\$ 3,358,373	\$ 758,903

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

<i>Other</i>	
<i>Governmental</i>	
<i>Funds</i>	<i>Total</i>
\$ 4,363,057	\$ 9,905,859
-	1,405,984
19,996	182,615
5,342	5,342
244,399	244,399
-	54,619
206,186	206,186
<hr/>	<hr/>
\$ 4,838,980	\$ 12,005,004
<hr/>	<hr/>
\$ 77,424	\$ 536,643
600,794	806,980
<hr/>	<hr/>
678,218	1,343,623
269,800	1,717,290
-	54,619
58,962	3,248,919
2,412,148	2,951,582
488,269	488,269
116,391	116,391
10,376	10,376
1,374,232	1,374,232
(569,416)	699,703
<hr/>	<hr/>
3,890,962	8,944,091
<hr/>	<hr/>
\$ 4,838,980	\$ 12,005,004
<hr/>	<hr/>

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

CITY OF SWEET HOME, OREGON
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

<i>Fund Balances</i>	\$ 8,944,091
<p>The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.</p>	
Unavailable revenues	1,717,290
Court receivables, net of allowance	(1,244,380)
<p>Capital and leased assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.</p>	
Cost	44,333,307
Accumulated depreciation	(32,188,428)
<p>All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.</p>	
Long-term debt	(30,491)
Accrued compensated absences	(203,339)
Net pension liability	(1,283,567)
Net OPEB liability	(110,261)
<p>Deferred outflows/inflows related to pensions and postemployment benefits are not financial resources/requirements in governmental funds, but are reported in the Statement of Net Position.</p>	
Deferred outflows	902,392
Deferred inflows	(1,204,411)
<p>Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities and net position are reported along with governmental activities in the Statement of Net Position.</p>	
	(36,532)
	<hr/>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 19,595,671</u></u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Public Safety</u>	<u>State Gas Tax</u>
REVENUES			
Taxes and assessments	\$ 732,640	\$ 3,614,379	\$ -
Licenses and permits	429,116	961	-
Charges for services	338,469	-	-
Intergovernmental	455,700	-	1,542,301
Fines and forfeitures	169,021	-	-
Miscellaneous	(78,242)	110,560	7,297
<i>Total Revenues</i>	<u>2,046,704</u>	<u>3,725,900</u>	<u>1,549,598</u>
EXPENDITURES			
Current			
General government	646,678	-	-
Library	-	-	-
Parks	358,863	-	-
Community development	750,069	-	490,325
Public safety	274,539	2,778,936	-
Community center	-	-	-
Capital outlay	124,774	-	562,818
<i>Total Expenditures</i>	<u>2,154,923</u>	<u>2,778,936</u>	<u>1,053,143</u>
REVENUES OVER (UNDER)			
EXPENDITURES	(108,219)	946,964	496,455
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(107,056)	(68,430)	(66,208)
<i>Total Other Financing Sources (Uses)</i>	<u>(107,056)</u>	<u>(68,430)</u>	<u>(66,208)</u>
NET CHANGE IN FUND BALANCE	(215,275)	878,534	430,247
FUND BALANCE, beginning of year	<u>1,523,057</u>	<u>2,319,602</u>	<u>116,964</u>
FUND BALANCE, end of year	<u>\$ 1,307,782</u>	<u>\$ 3,198,136</u>	<u>\$ 547,211</u>

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

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 537,695	\$ 4,884,714
161,964	592,041
-	338,469
1,096,233	3,094,234
4,317	173,338
581,483	621,098
<hr/>	
2,381,692	9,703,894
-	646,678
415,618	415,618
-	358,863
1,072,533	2,312,927
-	3,053,475
23,621	23,621
65,339	752,931
<hr/>	
1,577,111	7,564,113
<hr/>	
804,581	2,139,781
327,238	327,238
(327,800)	(569,494)
<hr/>	
(562)	(242,256)
<hr/>	
804,019	1,897,525
3,086,943	7,046,566
<hr/>	
\$ 3,890,962	\$ 8,944,091
<hr/> <hr/>	

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

CITY OF SWEET HOME, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 1,897,525
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	120,757
Governmental funds do not report expenditures for unpaid compensated absences since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	(10,495)
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.	
Capital outlay expenditures	1,132,267
Depreciation	(1,188,568)
Net book value of dispositions	(7,445)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.	
Right to use leases issued	(52,490)
Capital and right to use leased assets paid	13,186
Current year PERS pension and OPEB expense related to the change in net pension liability, OPEB and related deferred inflows and outflows are reported as expenses in the Statement of Activities, but are not recorded as expenditures in the governmental funds.	(396,486)
Net income of internal service funds	(50,606)
 <i>Change in Net Position of Governmental Activities</i>	 <u><u>\$ 1,457,645</u></u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	Water Operations	Wastewater Operations	Non-Major Storm Water Operations	Total	Governmental Activities Internal Service
ASSETS					
Current Assets					
Cash and investments	\$ 3,683,243	\$ 4,273,328	\$ 426,324	\$ 8,382,895	\$ 26,790
Accounts receivable	209,475	345,355	19,489	574,319	54,338
Inventories	48,257	32,246	-	80,503	-
Due from other funds	600,794	-	-	600,794	-
Prepaid items	9,700	14,416	-	24,116	3,062
<i>Total Current Assets</i>	4,551,469	4,665,345	445,813	9,662,627	84,190
Noncurrent Assets					
Assessment liens receivable	36,325	28,386	-	64,711	-
Nondepreciable capital assets	-	16,615,920	-	16,615,920	-
Other capital assets, net of depreciation	8,653,304	2,304,945	188	10,958,437	-
Other amortizable assets, net of amortization	35,405	104,725	-	140,130	-
<i>Total Noncurrent Assets</i>	8,725,034	19,053,976	188	27,779,198	-
<i>Total Assets</i>	13,276,503	23,719,321	446,001	37,441,825	84,190
DEFERRED OUTFLOWS					
Deferred outflows related to OPEB	3,855	2,896	101	6,852	10,870
LIABILITIES					
Current Liabilities					
Accounts payable	222,282	554,657	23,466	800,405	59,220
Deposits payable	205,844	-	-	205,844	-
Accrued interest payable	31,313	8,054	-	39,367	-
Current portion of long-term liabilities					
Long-term debt	294,857	660,000	-	954,857	-
Accrued compensated absences	26,702	91	-	26,793	-
<i>Total Current Liabilities</i>	780,998	1,222,802	23,466	2,027,266	59,220
Noncurrent Liabilities					
Long-term debt	4,402,682	2,250,000	-	6,652,682	-
Long-term bonds payable	2,065,000	2,735,000	-	4,800,000	-
Lease liability	35,405	104,725	-	140,130	-
Long-term bond premiums	224,001	274,618	-	498,619	-
OPEB liability	21,399	16,072	563	38,034	60,333
<i>Total Noncurrent Liabilities</i>	6,748,487	5,380,415	563	12,129,465	60,333
<i>Total Liabilities</i>	7,529,485	6,603,217	24,029	14,156,731	119,553
DEFERRED INFLOWS					
Deferred inflows related to OPEB	4,270	3,207	112	7,589	12,039
FUND NET POSITION					
Net investment in capital assets	1,666,764	13,001,247	188	14,668,199	-
Restricted for debt service	-	589,633	-	589,633	-
Restricted for construction	-	580,603	11,411	592,014	-
Unrestricted	4,079,839	2,944,310	410,362	7,434,511	(36,532)
<i>Total Fund Net Position (Deficit)</i>	\$ 5,746,603	\$ 17,115,793	\$ 421,961	\$ 23,284,357	\$ (36,532)

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

CITY OF SWEET HOME, OREGON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Non-Major Storm Water Operations</u>	<u>Total</u>	<u>Governmental Activities</u> <u>Internal Service</u>
OPERATING REVENUES					
Fines and forfeitures	\$ 1,107,397	\$ 971,234	\$ -	\$ 2,078,631	\$ -
Charges for services	2,587,645	2,958,675	191,231	5,737,551	1,496,056
Licenses and permits	-	-	-	-	278,034
Miscellaneous	28,816	5,751	-	34,567	30,323
<i>Total Operating Revenues</i>	3,723,858	3,935,660	191,231	7,850,749	1,804,413
OPERATING EXPENSES					
Personal services	545,484	409,494	10,960	965,938	1,457,039
Materials and services	1,857,854	1,167,939	56,677	3,082,470	397,980
Depreciation	329,933	244,675	189	574,797	-
Amortization	2,408	12,140	-	14,548	-
<i>Total Operating Expenses</i>	2,735,679	1,834,248	67,826	4,637,753	1,855,019
OPERATING INCOME (LOSS)	988,179	2,101,412	123,405	3,212,996	(50,606)
NONOPERATING REVENUES (EXPENSES)					
Investment revenue	5,204	5,178	210,139	220,521	-
Interest expense and amortization	(101,287)	(73,062)	-	(174,349)	-
Gain (loss) on sale of assets	(5,160)	-	-	(5,160)	-
<i>Total Nonoperating Revenues (Expenses)</i>	(101,243)	(67,884)	210,139	41,012	-
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	886,936	2,033,528	333,544	3,254,008	(50,606)
Capital contributions	242,036	167,757	-	409,793	-
Transfers in	562,144	79,144	1,546	642,834	-
Transfers out	(341,058)	(66,959)	(200,516)	(608,533)	-
CHANGE IN FUND NET POSITION	1,350,058	2,213,470	134,574	3,698,102	(50,606)
FUND NET POSITION, beginning of year	4,497,646	14,801,222	287,387	19,586,255	14,074
RESTATEMENT	(101,101)	101,101	-	-	-
FUND NET POSITION, beginning of year as restarted	4,396,545	14,902,323	287,387	19,586,255	14,074
FUND NET POSITION (Deficit), end of year	<u>\$ 5,746,603</u>	<u>\$ 17,115,793</u>	<u>\$ 421,961</u>	<u>\$ 23,284,357</u>	<u>\$ (36,532)</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Totals</i>	<i>Internal Service</i>
CASH FLOWS FROM OPERATING ACTIVITIES					
Collected from customers	\$ 2,662,304	\$ 3,926,943	\$ 178,273	\$ 6,767,520	\$ 1,802,907
Paid to suppliers	(667,148)	(721,909)	(33,211)	(1,422,268)	(356,539)
Paid to employees	(519,733)	(402,237)	(12,145)	(934,115)	(1,449,961)
<i>Net Cash Provided by Operating Activities</i>	1,475,423	2,802,797	132,917	4,411,137	(3,593)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Received from (paid to) other funds	14,191	24,164	-	38,355	-
Transfers in	314,305	79,144	-	393,449	-
Transfers out	(341,057)	(66,959)	(198,971)	(606,987)	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	(12,561)	36,349	(198,971)	(175,183)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(26,941)	(2,285,039)	-	(2,311,980)	-
Principal paid on long-term debt	(259,719)	(509,163)	-	(768,882)	-
Proceeds from issuance of debt	-	-	-	-	-
Contribution of capital	256,884	175,082	-	431,966	-
Interest paid	(126,332)	(97,875)	-	(224,207)	-
<i>Net Cash Used in Capital and Related Financing Activities</i>	(156,108)	(2,716,995)	-	(2,873,103)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	5,204	5,178	210,139	220,521	-
<i>Increase in Cash and Investments</i>	1,311,958	127,329	144,085	1,583,372	(3,593)
CASH AND INVESTMENTS, Beginning of year	2,371,285	4,145,999	282,239	6,799,523	30,383
CASH AND INVESTMENTS, End of year	<u>\$ 3,683,243</u>	<u>\$ 4,273,328</u>	<u>\$ 426,324</u>	<u>\$ 8,382,895</u>	<u>\$ 26,790</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
YEAR ENDED JUNE 30, 2022

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Non-Major Storm Water Operations</u>	<u>Totals</u>	<u>Internal Service</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 988,179	\$ 2,101,412	\$ 123,405	\$ 3,212,996	\$ (50,607)
Depreciation	329,933	244,675	189	574,797	-
Amortization	2,408	12,140	-	14,548	-
Change in assets and liabilities:					
Accounts receivable	36,753	(3,994)	(12,958)	19,801	(1,013)
Deferred outflows	(797)	(1,361)	232	(1,926)	3,107
Inventory	(5,518)	5,348	-	(170)	-
Prepaid expenses	(2,199)	(9,184)	-	(11,383)	1,246
Accounts payable and accrued liabilities	85,056	445,143	23,466	553,665	40,195
Customer deposits	15,060	-	-	15,060	-
Accrued vacation payable	15,949	(3,094)	(454)	12,401	-
OPEB liability	9,326	10,010	(749)	18,587	5,140
Deferred inflows	1,273	1,702	(214)	2,761	(1,661)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 1,475,423</u>	<u>\$ 2,802,797</u>	<u>\$ 132,917</u>	<u>\$ 4,411,137</u>	<u>\$ (3,593)</u>

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sweet Home in Linn County, Oregon was incorporated as a municipal corporation in 1893 under the name of “City of Sweet Home.” The City of Sweet Home charter of 1986 was approved by the voters on June 24, 1986.

The government of the City of Sweet Home is vested in a City Council. The Council is composed of seven members elected at large at each biennial general election. The three council members who receive the highest number of votes serve four-year terms and the councilor who receives the next highest number of votes serves for a two-year term. The Mayor is elected by the other council members after each biennial general election for a two-year term. The City Manager, City Attorney, and Municipal Judge are appointed by and serve at the pleasure of the City Council. The City Manager is selected by the Council as the administrative head of the city government.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental (general, special revenue, capital projects and debt service) and proprietary type (enterprise and internal service) funds. Major individual governmental funds, and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the other supplementary information. Internal service funds are reported in a single column in the proprietary fund financial statements.

Basis of Presentation

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The model sets forth minimum criteria (percentage of the assets liabilities, revenues or expenditures of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

General Fund - this fund is used to account for all financial resources except those required to be accounted for in another fund. Primary sources of revenue are property taxes, state shared revenues, and licenses and permits. Primary expenditures are made for public safety, parks and community services and general government.

Special Revenue Funds

Public Safety Fund - this fund is used to account for the serial property tax levy approved by voters every five years to finance police and dispatch services.

State Gas Tax Fund - this fund is used to account for the City's share of state gasoline tax revenues which are restricted for use in the maintenance of streets.

The City reports the following major proprietary funds:

Water Operations - Water operations consist of four funds, the Water fund, the Water SDC fund, the Water Capital fund and the Water Depreciation Reserve fund. The operations fund is used to account for the acquisition, operations and maintenance of the City owned water utility system, which is funded primarily through user fees and system development charges.

Wastewater Operations - Wastewater operations consist of four funds, the Wastewater fund, the Wastewater SDC fund, the Wastewater Capital fund and the Wastewater Depreciation Reserve fund. The operations fund is used to account for the acquisition, operations and maintenance of the City owned wastewater utility system, which is funded primarily through user fees and system development charges.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Narcotic Enforcement Reserve Fund - this fund is used to account for property seized and forfeited to the Police Department in drug related cases, which must be used for drug enforcement by the Police Department.

Library Services Levy Fund - this fund is used to account for serial property tax levy approved by voters every five years for operation of the library.

Parks and Recreation Program Fund - this fund is used to account for funds received from donations that are to be used for parks improvements and a recreation program.

Path Program Fund - this fund accounts for the construction of bike paths, curb cuts and wheelchair ramps compliant with ADA requirements throughout Sweet Home.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

Street Maintenance and Improvements Fund - this fund is used to account for funds received from Linn County in conjunction with the transfer of several County roads to the City and for the City's share of Linn County timber revenues which are restricted to maintenance and improvement of these roads.

Economic and Community Development - this fund is used to account for Community Development Block Grant housing rehabilitation loans and monies earmarked for economic and community development.

Community Center Operations Fund - this fund is used to account for funds to be used for the general operation of the community center.

Special Assessments Fund - this fund is used to account for reimbursements on local improvement City projects financed by assessments against benefited property owners.

Public Transit Grant Fund - this fund is used to account for the expenditures of public transportation grant monies.

Weddle Bridge Fund - this fund is used to account for donations received to restore the Weddle Bridge to a usable condition.

Special Events Fund - this fund is used to account for revenues received for events that are self-supporting and fund specific activities put on by the City.

Capital Projects Funds

Building Reserve Fund - this fund was established as a reserve for the new City Hall and accounts for the activity related to construction costs.

Project and Equipment Reserve Fund - this fund is a reserve for purchase of equipment.

Debt Service Fund

Police/Emergency Dispatch Facility Debt Service Fund - this fund is used to account for revenues from property tax payments to pay back general obligation bonds used to build the Police/Emergency Dispatch Facilities.

The City reports the following non-major enterprise and internal service funds:

Storm Water Operations - Storm water operations consists of four funds, the Storm Water fund, the Storm Water SDC fund, the Storm Water Capital fund and the Storm Water Depreciation fund. The operations fund is used to account for the acquisition, operations and maintenance of the City's storm water drainage system, which is funded primarily through user fees and system development charges.

Internal Service - this fund accounts for the central operational services of the City.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Although not a major impact on the financial statements, Governmental Fund type fund balances are now reported in the following classifications. Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

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

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

When expenditures are paid for purposes in which both net position - restricted and net position - unrestricted are available, the City deems net position - restricted to be spent first.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Debt Service Funds are utilized to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide financial statements and the proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of Net position. Net position is segregated into investment in capital assets, net of related debt, restricted and unrestricted components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 be used to pay liabilities of the current period. “Available” is defined as being collectible within the current period or soon enough thereafter (30 days) to be used to liquidate liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are franchise taxes, licenses, interest revenue and charges for services. Fines and permits and property taxes revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, materials and supplies, and capital outlay. All revenues not considered operating are reported as nonoperating items.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenses as of and for the year ended June 30, 2020. Actual results may differ from such estimates.

Cash and Investments

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that the proprietary funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Unavailable Revenues

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

Receivables of the enterprise funds are recorded as revenue as earned.

Property taxes receivable for the governmental fund types are recognized as revenues if they are collected within thirty days of fiscal year end. Uncollected property taxes are offset by unavailable revenue and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the City and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the City represent the City's allocated share of delinquent property taxes and other amounts to be collected from property owners within Linn County, Oregon.

Assessment liens in the governmental fund types are recognized as receivables at the time property owners are assessed for property improvements. All assessments receivable are offset by a deferred revenue account and, accordingly, have not been recorded as revenue.

Interest earned on assessments in the governmental fund types is accrued when due.

Inventory

Inventories of supplies in the enterprise funds are stated at cost (first-in, first-out basis) and are charged to expense as used.

Capital Assets

Capital assets are stated at cost or estimated historical cost. Donated assets are recorded at fair market value at date of donation. Estimated fair market value of donated assets is determined based on engineering estimates of current cost or price indexed cost.

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of fixed assets are included in operations.

Capital assets include land, right-of-way (included with land), buildings, improvements, equipment, infrastructure, and other tangible and intangible assets costing over \$5,000 used in operations that have initial useful lives extending beyond a single reporting period. Infrastructure is those capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. Infrastructure reported in business-type activities consists of water, stormwater, and wastewater collection systems.

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Buildings	30-50 years
Improvements other than buildings	20 years
Infrastructure	20-40 years
Equipment	3-15 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized. In accordance with the composite depreciation method, no gain or loss is recorded upon disposal, but rather, cost is removed from the capital asset account and charged to the accumulated depreciation account.

Long-Term Obligations

In the government-wide financial statements, and in proprietary fund types, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are expensed.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs at the time of issuance. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflows of resources related to pensions and other post-employment benefits for contributions made after the June 30, 2020, measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows*, represents an acquisition that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The City reports deferred inflows related to pensions and other post-employment benefits for changes in projected earnings versus actual earnings and contribution versus proportionate share of contributions.

The third instance of deferred inflows arises only under a modified accrual basis of accounting. Accordingly, *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension

The City reports its proportionate share of the Net Pension Liability of the Oregon Public Employees Retirement System (OPERS). A negative Net Pension Liability is reported as a Net Pension Asset. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

The City reports two components other than pensions (OPEB) – Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA) and a single-employer defined benefit postemployment health plan administered by Citycounty Insurance Services (CIS).

The City reports its proportionate share of the Oregon Public Employees Retirement System Retiree Health Insurance Account (OPERS RHIA). A negative OPEB liability is reported as an OPEB asset. For purposes of measuring the City's OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS RHIA and additions to/deductions from OPERS RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS RHIA. For this purpose, the benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The City reports an OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to the implicit subsidy arising from the City's single-employer defined benefit postemployment health plan administered by CIS. For the purpose of measuring the City's OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on an actuarial valuation provided by CIS. Benefit payments are recognized when due and payable in accordance with benefit terms.

Accrued Compensated Absences

Accumulated vested vacation pay is accrued in the government-wide and proprietary funds as it is earned by employees. In the governmental fund types the amounts, if any, expected to be liquidated with expendable available resources are accrued as liabilities of the funds. Accumulated sick leave does not vest and is therefore recorded in all funds when leave is taken.

Encumbrances

The City does not utilize encumbrances.

Budget and Budgetary Accounting

A budget is prepared for each fund in accordance with the modified accrual basis of accounting with certain modifications and legal requirements set forth in the Oregon Local Budget Law.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City begins its budgeting process after City Council holds a work session in January at which goals and objectives are discussed for the upcoming year. Utilizing the goals and objectives adopted by City Council, city staff develops a proposed budget in early spring which is presented to the Budget Committee in late spring. Following a series of public meetings with the Budget Committee an Approved Budget is sent to City Council for adoption at a Public Hearing at the end of June.

City Council adopts the budget, makes appropriations, and declares the tax levies by resolution no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The City 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 except the General Fund, in which budgetary controls are established at the departmental operations level, capital outlay and contingency. Management is allowed to adjust budget numbers between services levels within funds, while transfers outside of funds, appropriation of unexpected revenues and use of contingencies require Council action through the supplemental budget process.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in a local newspaper and approval by the City Council. City Council must authorize all appropriation transfers and supplementary budgetary appropriations. With the approval of the supplemental budget during the year, budget amounts shown in the general purpose financial statements have been revised since the original budget amounts were adopted. All annual appropriations lapse at fiscal year-end.

A detailed budget document that contains more specific information on all funds, their operational purposes, their levels of budgetary controls and historical data is made available to the public and used constantly by the City for its administration control purposes.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2022:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash		
Cash on hand	\$ 3,216	\$ 3,216
Deposits with financial institutions	808,491	808,491
Cash held by fiscal agents		-
Investments		
Certificates of deposit	153,597	153,597
Local Government Investment Pool	13,552,173	13,552,173
Corporate bonds	278,630	278,630
Municipal bonds	193,777	193,777
Government agency securities - U.S.	674,343	674,343
U.S. Treasury notes and bonds	2,270,882	2,270,882
Other	380,434	380,434
	<u>\$ 18,315,543</u>	<u>\$ 18,315,543</u>

Deposits

The book balance of the City's bank deposits with various financial institutions was \$963,581 and the bank balance was \$1,040,384 at year-end. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

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 for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2022, \$540,383 of the City's bank balances were covered by the PFCP.

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. At June 30, 2022, the carrying value of the position in the Oregon State Treasurer's Short-Term Investment Pool approximates fair value. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City would not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. Currently, the City's investments are limited to the Local Government Investment Pool (LGIP).

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The LGIP is not rated for credit quality.

Fair Value Measurements

Fair value is defined as the price that would be received at the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes fair value measurements within the hierarchy established by GASB Statement 72. This hierarchy defines three levels of inputs used to assess fair value which allows financial statement users to identify the level of reliability and determine variance risk between actual amounts received during a sale of assets or transfer of liabilities to that which is reported in the financial statements for the measurement date.

The classification of securities within this fair value hierarchy is based on activity level in the market for the security type, and the inputs used to determine their fair value as follows: Level 1 – Unadjusted quoted prices for identical instruments in active markets; Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable based on market data obtained from sources independent of the reporting entity; and Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable (based on the best information available regarding assumptions market participants would use in pricing the asset). As of June 30, 2022, the City's investments in corporate and municipal bonds are classified as level 2.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Business-type Activities

	<i>Balances July 1, 2021</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2022</i>
NON-DEPRECIABLE CAPITAL ASSETS				
Construction in progress-sewer	\$ 16,566,080	\$ 49,840	\$ -	\$ 16,615,920
DEPRECIABLE CAPITAL AND LEASED ASSETS				
Equipment-water	257,806	223,606	(35,033)	446,379
Equipment-sewer	433,005	-	-	433,005
Equipment - stormwater	1,886	-	-	1,886
Water facilities	12,166,085	69,455	-	12,235,540
Sewer facilities	9,787,015	2,223,063	-	12,010,078
Stormwater Infrastructure	10,296,700	-	-	10,296,700
Right to use leased assets	-	154,678	-	154,678
<i>Total depreciable capital and leased assets</i>	<i>32,942,497</i>	<i>2,670,802</i>	<i>(35,033)</i>	<i>35,578,266</i>
CAPITAL AND LEASED ASSETS DEPRECIATION/AMORTIZATION				
Equipment-water	(218,815)	(25,781)	29,873	(214,723)
Equipment-sewer	(433,005)	-	-	(433,005)
Equipment - stormwater	(1,511)	(189)	-	(1,700)
Water facilities	(3,509,740)	(304,152)	-	(3,813,892)
Sewer facilities	(9,460,456)	(244,675)	-	(9,705,131)
Stormwater Infrastructure	(10,296,700)	-	-	(10,296,700)
Right to use leased assets - accumulated amortization	-	(14,548)	-	(14,548)
<i>Total capital asset accumulated depreciation/amortization</i>	<i>(23,920,227)</i>	<i>(589,345)</i>	<i>29,873</i>	<i>(24,479,699)</i>
<i>Business-type activities capital assets, net</i>	<i>\$ 25,588,350</i>	<i>\$ 2,131,297</i>	<i>\$ (5,160)</i>	<i>\$ 27,714,487</i>

Depreciation of \$574,797 was charged to business-type activities in the same amounts as shown.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS (Continued)

Governmental Activities

	<i>Balances July 1, 2021</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2022</i>
NON-DEPRECIABLE CAPITAL ASSETS				
Land and improvements	\$ 3,534,180	\$ -	\$ -	\$ 3,534,180
Construction in progress	488,882	-	-	488,882
<i>Total non-depreciable capital assets</i>	4,023,062	-	-	4,023,062
DEPRECIABLE CAPITAL AND LEASED ASSETS				
Buildings	10,715,922	-	-	10,715,922
Equipment	2,669,851	225,561	(35,157)	2,860,255
Infrastructure	25,879,852	854,216	-	26,734,068
Right to use leased assets	-	52,490	-	52,490
<i>Total depreciable capital and leased assets</i>	39,265,625	1,132,267	(35,157)	40,362,735
CAPITAL AND LEASED ASSETS				
DEPRECIATION/AMORTIZATION				
Buildings - accumulated depreciation	(6,126,742)	(267,898)	-	(6,394,640)
Equipment - accumulated depreciation	(1,775,089)	(266,985)	27,712	(2,014,362)
Infrastructure - accumulated depreciation	(23,132,430)	(646,996)	-	(23,779,426)
Right to use leased assets - accumulated amortization	-	(6,689)	-	(6,689)
<i>Total capital asset accumulated depreciation/amortization</i>	(31,034,261)	(1,188,568)	27,712	(32,195,117)
<i>Governmental activities capital and leased assets, net</i>	\$ 12,254,426	\$ (56,301)	\$ (7,445)	\$ 12,190,680

Depreciation expense in the amount of \$1,181,879 was charged to general government on the statement of activities.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<u>Outstanding July 1, 2021</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2022</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Direct borrowings - leases	\$ 36,988	\$ -	\$ (6,497)	\$ 30,491	\$ (6,498)

	<u>Outstanding July 1, 2021</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2022</u>	<u>Due Within One Year</u>
<i>Business-type Activities</i>					
Direct borrowings	\$ 13,131,569	\$ -	\$ (724,030)	\$ 12,407,539	\$ 961,355
Bond premiumns	536,974	-	(38,355)	498,619	38,355
	<u>\$ 13,668,543</u>	<u>\$ -</u>	<u>\$ (762,385)</u>	<u>\$ 12,906,158</u>	<u>\$ 999,710</u>

Governmental Activities - Direct Borrowings

Capital Lease - Enterprise: In January 2021, the City entered into an agreement with Enterprise to finance the lease of a 2021 Ford F-350. The City will repay this amount over a five year period in annual payments of \$7,976, including 4.38% interest. The lease is secured by equipment. In the event of default, the equipment may be repossessed.

\$ 30,041

Annual debt service requirements to maturity for capital leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payments</u>
2023	\$ 6,498
2024	6,498
2025	6,498
2026	6,498
2027	4,499
	<u>\$ 30,491</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT (Continued)

Business-type Activities - Direct Borrowings

On September 22, 2004, the City signed a \$4,000,000 loan with Oregon Economic and Community Development Department to finance the planning, design and construction of river intake and transmission lines, two pump stations, a new 6,000 square-foot building, a filter, a disinfection contact tank, structural improvements to existing buildings, a new backwash pond, a clearwell and plumbing and electrical improvements. On March 10, 2009, the City signed an amendment bringing the total loan amount to \$7,500,000. This loan was made under a promissory note and a related loan agreement under which the City has pledged revenue of its Water Fund and also its taxing power under Article XI, Section 11 of the Constitution of the State of Oregon. Interest is set at 1.00% per annum. The State of Oregon has assigned the City's obligations under this loan agreement to a trustee under the State's bond indenture as security for the bonds issued by the State of Oregon. Funds will be disbursed from the State's Clean Water State Revolving Loan Fund. Final payment is scheduled for 2039-40. In the event of default, the loan becomes immediately due and payable.

\$ 4,606,663

On September 22, 2004, the City signed a \$1,030,000 loan with Oregon Economic and Community Development Department for costs associated with the construction of a new water treatment facility. The City subsequently signed an amendment for an additional \$3,000,000, bringing the total loan amount to \$4,030,000. Interest on this loan is set at 3.56%. In the event of default, the loan becomes immediately due and payable.

\$ 2,500,000

In March 2021, the City issued Full Faith and Credit Refunding Obligations, Series 2021 to provide funds for advance refunding of three water and wastewater improvement notes with the Oregon Department of Environmental Quality totaling \$6,162,781 at the time of refunding. The \$5,780,000 issue closed on March 16, 2021, at an interest rate of 3.00% maturing in 2035. Net present value of the savings, due to the lower interest rate on the refunding bonds, is \$768,741.

\$ 5,270,000

Annual debt service requirements to maturity for loans payable are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 1,009,164	\$ 198,595	\$ 1,207,759
2024	1,156,513	179,971	1,336,484
2025	1,228,884	158,099	1,386,983
2026	998,840	137,988	1,136,828
2027	992,748	120,981	1,113,729
2028-2032	4,680,893	363,901	5,044,794
2033-2037	2,043,414	108,948	2,152,362
2038-2042	826,193	16,579	842,772
	<u>\$ 12,936,649</u>	<u>\$ 1,285,062</u>	<u>\$ 14,221,711</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

RIGHT TO USE - LEASES PAYABLE

The City has a lease agreement for seven vehicles with various payment amounts and expiration dates. The yearly payments in place at June 30, 2022, total \$52,742 per year, with the newest lease expiring in 2027. The lease payable was calculated using a discount rate of 1.57%.

As of and for the year ended June 30, 2022, the City's lease payable activity was as follows:

	<u>July 1, 2021</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2022</u>	<u>Due Within One Year</u>
<i>Governmental activities</i>					
Vehicle leases	\$ -	\$ 52,490	\$ (6,689)	\$ 45,801	\$ 10,498
<i>Business-type activities</i>					
Vehicle leases	\$ -	\$ 154,678	\$ (14,548)	\$ 140,130	\$ 30,749

At June 30, 2022, future principal and interest payments for the lease payables are as follows:

<i>Fiscal Year</i>	<i>Ending</i>			
	<i>Governmental Activities</i>		<i>Business-type Activities</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 10,498	\$ 2,554	\$ 30,749	\$ 8,941
2024	10,498	2,554	30,749	8,941
2025	10,498	2,554	30,749	8,941
2026	10,498	2,554	30,749	8,941
2027	3,809	928	17,134	5,165
	<u>\$ 45,801</u>	<u>\$ 11,144</u>	<u>\$ 140,130</u>	<u>\$ 40,929</u>

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Some of the City's employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. Employees hired before August 29, 2003, belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003, belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided

Tier One/Tier Two Retirement Benefit

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% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

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

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

OPSRP Pension Program

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

OPSRP Pension Program (Continued)

members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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. Employer contribution rates for the period were based on the December 31, 2019, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 13.71% for Tier One/Tier Two members, 5.66% for OPSRP General Service members, and 10.02% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" were \$100,469.

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$50,339 of the employees' contribution.

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

At June 30, 2022, the City reported a liability of \$1,283,567 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2021 and 2020, measurement dates, the City’s proportion was 0.01073% and 0.01007%, respectively.

For the year ended June 30, 2022, the City recognized pension expense of \$195,420. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 120,150	\$ -
Changes of assumptions	321,315	3,378
Net difference between projected and actual earnings on investments	-	950,214
Changes in proportionate share	333,499	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	212,764
Contributions subsequent to measurement date	100,469	-
	<u> </u>	<u> </u>
Total	<u>\$ 875,433</u>	<u>\$ 1,166,356</u>

Deferred outflows of resources related to pensions of \$100,469 resulting from the City’s contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	
<u> </u>	
2023	\$ (12,592)
2024	(54,758)
2025	(122,956)
2026	(229,239)
2027	28,153
	<u> </u>
Total	<u>\$ (391,392)</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.40%
Investment Rate of Return	6.90%
Projected Salary Increases	3.40% overall payroll growth; salaries for individuals are assumed to grow at 3.40% plus assumed rates of merit/longevity increases based on service
Mortality	<p><i>Healthy retirees and beneficiaries:</i> PUB-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> PUB-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> PUB-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Long-Term Expected Rate of Return

TABLE 31

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

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

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

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those 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.

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 2,520,618	\$ 1,283,567	\$ 248,604

Pension Plan Fiduciary Net Position

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

DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the ICMA IRC Section 401 defined contribution pension plan agreement for all full-time general and emergency services employees who are union members and not covered by another retirement plan, the City’s contribution rate is 12% of the employee's salary. There is no mandatory or voluntary employee contribution, and the plan does not provide for employer “pick-up” of any employee contributions. The City’s contribution to this plan for fiscal year ended June 30, 2022, totaled \$178,290 on \$1,485,751 of covered payroll.

Under the ICMA IRC Section 401 defined contribution pension plan agreement for non-contractual employees the City’s contribution rate is 15.7% of the non-contractual employee’s salary. The non-contractual employees also have a mandatory 1.0% contribution based on their salary. The City’s contribution to the money purchase pension plan for the non-contractual employees for the fiscal year ended June 30, 2022, was \$182,665 on \$1,163,473 of covered non-contractual City payroll.

Under the ICMA Pension Plans there is no minimum age requirement and there is a six-month period of service requirement for participation. The normal retirement age under this pension plan is age 65. There is no minimum vesting requirement under the plan and employees vest as follows:

<u>Years of Service Completed</u>	<u>Specified Percent Vesting</u>
1 and 2	-
3	50%
4	75%
5	100%

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

DEFINED CONTRIBUTION PENSION PLAN (Continued)

Deferred Compensation

The City makes available an IRC Section 457 deferred compensation plan through the ICMA Retirement Corporation for all employees. Employee participation is voluntary, and the City does not make any contribution to the plan.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Financial Statement Presentation

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

	<i>Implicit Rate Subsidy Plan</i>	<i>PERS RHIA Plan</i>	<i>Total OPEB on Financials</i>
Net OPEB Asset	\$ -	\$ 32,653	\$ 32,653
Deferred Outflows of Resources			
Contributions After Measurement Date	7,316	282	7,598
Differences Between Expected and Actual Experience	23,451	-	23,451
Differences Between Expected and Actual Earnings	-	-	-
Changes in Proportionate Share	-	288	288
Change in Assumptions	12,702	642	13,344
Total Outflows of Resources	43,469	1,212	44,681
Total OPEB Liability	(226,482)	-	(226,482)
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	(42,327)	(908)	(43,235)
Change in Assumptions	(5,819)	(486)	(6,305)
Net Difference Between Projected and Actual Earnings	-	(7,760)	(7,760)
Changes in Proportionate Share	-	(382)	(382)
	(48,146)	(9,536)	(57,682)
OPEB Expense/(Income) (Included in program expenses on Statement of Activities)	76,831	(4,504)	72,327

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy

Plan Description

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

The City’s postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained by writing to the CIS Main Office, 1212 Court Street NE, Salem OR 97301.

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	1
Active employees	55
	56
	56

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

The City’s total OPEB liability of \$241,281 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. For the fiscal year ended June 30, 2022, the City recognized a credit to OPEB expense from this plan of \$76,831. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred Inflow of Resources</i>
Differences between expected an actual experience	\$ 23,451	\$ 42,327
Changes of assumptions	12,702	5,819
Contributions subsequent to measurement date	7,316	-
	\$ 43,469	\$ 48,146
Total	\$ 43,469	\$ 48,146

Deferred outflows of resources related to OPEB of \$43,469 resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (178)
2024	(178)
2025	126
2026	1,345
2027	(2,724)
Thereafter	(10,384)
Total	<u>\$ (11,993)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2021, valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 2.16%, medical and vision varies between 7.00% and 5.00% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.50%, and mortality rates based on the RP-2014 healthy annuitant, sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and setbacks.

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2021	\$ 226,482
Changes for the year:	
Service cost	22,757
Interest on total OPEB liability	5,349
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	1,144
Benefit payments	(14,451)
Balance as of June 30, 2022	<u>\$ 241,281</u>

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Sensitivity of the Total OPEB Liability

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

Discount Rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 264,312	\$ 241,281	\$ 220,007

Healthcare Cost Trend:

	1% Decrease (4.00% decreasing to 3.75%)	Trend Rate (5.00% decreasing to 4.75%)	1% Increase (6.00% decreasing to 5.75%)
Total OPEB Liability	\$ 208,627	\$ 241,281	\$ 280,723

PERS Retirement Health Insurance Account

Plan Description

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

Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2021, contributions was \$282.

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

At June 30, 2022, the City reported an asset of \$32,653 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the City's proportionate share was 0.00951%, which is an increase from its proportion of 0.00920% as of June 30, 2020.

For the year ended June 30, 2022, the City recognized a credit to OPEB expense from this plan of \$4,504. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i><u>Deferred Outflow of Resources</u></i>	<i><u>Deferred Inflow of Resources</u></i>
Differences between expected and actual experience	\$ -	\$ 908
Changes of assumptions	642	486
Net difference between projected and actual earnings	-	7,760
Changes in proportionate share	288	382
Contributions subsequent to the MD	282	-
Total	<u>\$ 1,212</u>	<u>\$ 9,536</u>

Deferred outflows of resources related to OPEB of \$282 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

<i>Year ended</i>	
<u>June 30:</u>	
2023	\$ (2,660)
2024	(1,723)
2025	(1,772)
2026	(2,451)
Total	<u>\$ (8,606)</u>

Actuarial Methods and Assumptions

See OPERS Pension Plan footnote for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

Sensitivity of the proportionate share of the net OPEB liability (asset) to changes in the discount rate

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

	<i>1% Decrease</i>	<i>Discount Rate</i>	<i>1% Increase</i>
	<u>(5.90%)</u>	<u>(6.90%)</u>	<u>(7.90%)</u>
Net OPEB Liability (Asset)	\$ (28,877)	\$ (32,653)	\$ (35,879)

OPEB Plan Fiduciary Net Position

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

COMMITMENTS AND CONTINGENCIES

The City purchases insurance through Citycounty Insurance Services to cover all commonly insurable risks, which includes property damage and liability. Employee bonds are covered through another commercial insurance provider. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

From time to time, the City is a defendant in various legal proceedings. Management believes any losses arising from these actions will not materially affect the City’s financial position.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

TRANSFERS

Interfund transfers on a budgetary basis for the year ended June 30, 2022, consisted of the following amounts:

<u>Fund Name</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 107,056
Public Safety	28,159	68,430
State Gas Tax	-	66,208
Non-Major Governmental	327,238	327,800
Water Operations	221,087	-
Wastewater Operations	1,648,153	1,635,967
Non-Major Storm Water Operations	179,795	198,971
	<u>\$ 2,404,432</u>	<u>\$ 2,404,432</u>

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

INTERFUND RECEIVABLES AND PAYABLES

In 2019, the Water Depreciation Reserve fund issued an \$800,000 interfund loan to the Building Reserve fund for construction of the new city hall. Annual payments of principal plus interest at 2.50% are required through December 2028. For the year ended June 30, 2022, the City paid \$71,407 of principal and \$20,000 of interest on the loan.

In 2020, the Street Improvement fund issued a \$206,186 interfund loan to the Street Maintenance Fund for the purchase of a street sweeper. Annual payments of principal are required through December 2025. For the year ended June 30, 2022, the City paid \$41,237 of principal on the loan.

DEFICIT FUND BALANCES

The following funds reported a deficit fund balance as of June 30, 2022:

<u>Fund Name</u>	<u>Deficit Fund Balance</u>
Building Reserve	\$ (537,698)
Public Transit Grant	(36,700)

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits expenditures in excess of Council approved appropriations. Expenditures in excess of appropriations in individual funds for the year ended June 30, 2022, occurred as follows:

<i>Fund Name</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
General			
Community and economic development	\$ 736,184	\$ 750,069	\$ (13,885)
Water			
Treatment	796,090	1,076,187	(280,097)
Wastewater			
Treatment	991,965	1,036,177	(44,212)
Internal Service			
Materials and services	16,913	17,767	(854)
Executive and legislative	498,394	557,731	(59,337)
Finance	595,117	602,978	(7,861)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 730,042	\$ 730,042	\$ 732,640	\$ 2,598
Licenses and permits	415,000	415,000	429,116	14,116
Charges for services	195,700	195,700	338,469	142,769
Intergovernmental	584,215	584,215	455,700	(128,515)
Fines and forfeitures	175,000	175,000	169,021	(5,979)
Miscellaneous	174,200	174,200	(78,242)	(252,442)
<i>Total Revenues</i>	<i>2,274,157</i>	<i>2,274,157</i>	<i>2,046,704</i>	<i>(227,453)</i>
EXPENDITURES				
Current				
Executive department	100	100	40	60
Municipal court	278,035	278,035	274,539	3,496
Community and economic development	736,184	736,184	750,069	(13,885)
Parks and facilities	512,851	512,851	409,200	103,651
Non-departmental				
Personnel services	253,757	253,757	253,665	92
Materials and services	487,572	487,572	392,972	94,600
Capital outlay	192,900	192,900	74,438	118,462
Contingency	70,298	70,298	-	70,298
<i>Total Expenditures</i>	<i>2,531,697</i>	<i>2,531,697</i>	<i>2,154,923</i>	<i>376,761</i>
REVENUES OVER (UNDER)				
EXPENDITURES	(257,540)	(257,540)	(108,219)	149,308
OTHER FINANCING SOURCES (USES)				
Transfers in	4,592	4,592	-	(4,592)
Transfers out	(107,056)	(107,056)	(107,056)	-
NET CHANGE IN FUND BALANCE	(360,004)	(360,004)	(215,275)	144,716
FUND BALANCE, beginning of year	1,600,707	1,600,707	1,523,057	(77,650)
FUND BALANCE, end of year	\$ 1,240,703	\$ 1,240,703	\$ 1,307,782	\$ 67,066

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PUBLIC SAFETY FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,475,627	\$ 3,475,627	\$ 3,614,379	\$ 138,752
Licenses and permits	720	720	961	241
Miscellaneous	89,076	89,076	110,560	21,484
<i>Total Revenues</i>	3,565,423	3,565,423	3,725,900	160,477
EXPENDITURES				
Police department	3,178,615	3,178,615	2,778,936	399,679
Contingency	268,918	268,918	-	268,918
<i>Total Expenditures</i>	3,447,533	3,447,533	2,778,936	668,597
REVENUES OVER (UNDER)				
EXPENDITURES	117,890	117,890	946,964	829,074
OTHER FINANCING SOURCES (USES)				
Transfers out	(68,430)	(68,430)	(68,430)	-
NET CHANGE IN FUND BALANCE	49,460	49,460	878,534	829,074
FUND BALANCE, beginning of year	2,153,238	2,153,238	2,319,602	166,364
FUND BALANCE, end of year	\$ 2,202,698	\$ 2,202,698	\$ 3,198,136	\$ 995,438

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATE GAS TAX FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 1,474,040	\$ 1,474,040	\$ 1,542,301	\$ 68,261
Miscellaneous	4,061	4,061	7,297	3,236
<i>Total Revenues</i>	1,478,101	1,478,101	1,549,598	71,497
EXPENDITURES				
Current				
Streets	502,423	502,423	490,325	12,098
Capital outlay	709,068	709,068	562,818	146,250
Contingency	37,298	37,298	-	37,298
<i>Total Expenditures</i>	1,248,789	1,248,789	1,053,143	195,646
REVENUES OVER (UNDER)				
EXPENDITURES	229,312	229,312	496,455	267,143
OTHER FINANCING SOURCES (USES)				
Transfers out	(66,208)	(66,208)	(66,208)	-
NET CHANGE IN FUND BALANCE	163,104	163,104	430,247	267,143
FUND BALANCE, beginning of year	396,375	396,375	116,964	(279,411)
FUND BALANCE, end of year	\$ 559,479	\$ 559,479	\$ 547,211	\$ (12,268)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY— OREGON
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS¹**

	<i><u>Proportion of the Net Pension Liability (Asset)</u></i>	<i><u>Proportionate Share of the Net Pension Liability (Asset)</u></i>	<i><u>Covered Payroll</u></i>	<i><u>Proportionate Share of the NPL(A) as % of its Covered Employee Payroll</u></i>	<i><u>Plan Fiduciary Net Position as % of the Total Pension Liability</u></i>
2022	0.0011%	\$ 1,283,567	\$ 813,732	157.7%	87.6%
2021	0.0101%	2,197,068	1,158,783	189.6%	75.8%
2020	0.0089%	1,546,617	1,179,840	131.1%	80.2%
2019	0.0071%	1,072,333	1,054,603	101.7%	82.1%
2018	0.5700%	777,872	1,064,041	72.5%	83.1%
2017	0.2600%	384,674	985,491	39.0%	80.5%
2016	0.0000%	-	985,491	0.0%	103.6%
2015	0.0000%	-	935,590	0.0%	103.6%
2014	0.0000%	-	859,981	0.0%	92.0%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF SWEET HOME, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS – OREGON PUBLIC EMPLOYEES RETIREMENT
SYSTEM
LAST NINE FISCAL YEARS¹

	<i>Contractually Required Contributions</i>	<i>Actual Contributions</i>	<i>Contribution Deficiency (Excess)</i>	<i>Covered Payroll</i>	<i>Contributions as % of Covered Payroll</i>
2022	\$ 100,469	\$ (100,469)	\$ -	\$ 813,732	12.35%
2021	105,869	(105,850)	-	1,158,783	9.14%
2020	115,850	(115,850)	-	1,179,840	9.82%
2019	77,552	(77,552)	-	1,054,603	7.35%
2018	78,084	(78,084)	-	1,064,041	7.34%
2017	33,298	(33,298)	-	985,491	3.38%
2016	30,422	(30,422)	-	935,590	3.25%
2015	20,843	(20,843)	-	859,981	2.42%
2014	18,502	(18,502)	-	763,360	2.42%

¹ 10-year trend information required by GASB Statement 68 will be presented prospectively

CITY OF SWEET HOME, OREGON

**SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS -
IMPLICIT RATE SUBSIDY
LAST FIVE FISCAL YEARS¹**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 22,757	\$ 18,485	\$ 16,410	\$ 15,436	\$ 16,475
Interest on total OPEB liability	5,349	9,960	10,382	7,272	5,805
Effect of economic/demographic gains or (losses)	-	(54,963)	-	44,767	-
Effect of assumption change or inputs	1,144	(2,018)	8,173	12,283	(11,880)
Benefit payments	(14,451)	(21,969)	(19,497)	(11,750)	(8,141)
Net change in total OPEB liability	14,799	(50,505)	15,468	68,008	2,259
Net OPEB liability, beginning	226,482	276,987	261,519	193,511	191,252
Net OPEB liability, ending	<u>\$ 241,281</u>	<u>\$ 226,482</u>	<u>\$ 276,987</u>	<u>\$ 261,519</u>	<u>\$ 193,511</u>
Covered payroll	\$ 813,732	\$ 3,377,811	\$ 3,365,364	\$ 3,092,386	\$ 3,087,862
Total OPEB liability as a % of covered payroll	29.7%	6.7%	8.2%	8.5%	6.3%

Notes:

The above table presents the most recent actuarial valuations for the City's post-employment health insurance benefits plan and provides information that approximates the funding progress of the plan.

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

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF SWEET HOME, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST SIX FISCAL YEARS¹**

	<i>Proportion of the Net OPEB Liability (Asset)</i>	<i>Proportionate Share of the Net OPEB Liability (Asset)</i>	<i>Covered Payroll</i>	<i>Proportionate Share of the Net OPEB Liability (Asset) as % Covered Payroll</i>	<i>Plan Fiduciary Net Position as % of Total Pension Liability</i>
2022	0.0095%	\$ (32,653)	\$ 813,732	-4.0%	183.9%
2021	0.0092%	(18,741)	1,158,783	-1.6%	144.4%
2020	0.0098%	(18,885)	1,179,840	-1.6%	124.0%
2019	0.0102%	(11,338)	1,054,603	-1.1%	108.9%
2018	0.0096%	(4,021)	1,064,041	-0.4%	94.2%
2017	0.0097%	2,646	985,491	0.3%	94.2%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

CITY OF SWEET HOME, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST SIX FISCAL YEARS¹

	<u><i>Contractually Required Contributions</i></u>	<u><i>Actual Contributions</i></u>	<u><i>Contribution Deficiency (Excess)</i></u>	<u><i>Covered Payroll</i></u>	<u><i>Contributions as % of Covered- Employee Payroll</i></u>
2022	\$ 282	\$ (282)	\$ -	\$ 813,732	0.03%
2021	585	(585)	-	1,158,783	0.05%
2020	4,849	(4,849)	-	1,179,840	0.41%
2019	4,875	(4,875)	-	1,054,603	0.46%
2018	4,796	(4,796)	-	1,064,041	0.45%
2017	2,646	(2,646)	-	985,491	0.27%

¹ 10-year trend information required by GASB Statement 75 will be presented prospectively

OTHER SUPPLEMENTARY INFORMATION

CITY OF SWEET HOME, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	<i>Special Revenue</i>		
	<i>Narcotics Enforcement Reserve</i>	<i>Library Services Levy</i>	<i>Parks and Recreation Program</i>
ASSETS			
Cash and investments	\$ 58,958	\$ 496,826	\$ 116,918
Property taxes receivable	-	19,996	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 58,958</u>	<u>\$ 516,822</u>	<u>\$ 116,918</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ 8,759	\$ 527
Due to other funds	-	-	-
<i>Total Liabilities</i>	-	8,759	527
Deferred Inflows			
Unavailable revenue	-	19,794	-
Fund Balance:			
Restricted for:			
Community development	-	-	-
Library	-	488,269	-
Public safety	58,958	-	-
Committed to:			
Parks	-	-	116,391
Community development	-	-	-
Capital outlay	-	-	-
Unassigned	-	-	-
<i>Total Fund Balance</i>	<u>58,958</u>	<u>488,269</u>	<u>116,391</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 58,958</u>	<u>\$ 516,822</u>	<u>\$ 116,918</u>

Special Revenue

<i>Path Program</i>	<i>Street Maintenance and Improvements</i>	<i>Economic and Community Development</i>	<i>Community Center Operations</i>	<i>Special Assessments</i>
\$ 969,381	\$ 958,287	\$ 279,279	\$ 6,610	\$ 4,890
-	-	-	-	-
-	-	-	-	5,342
-	-	244,399	-	-
-	206,186	-	-	-
\$ 969,381	\$ 1,164,473	\$ 523,678	\$ 6,610	\$ 10,232
\$ 701	\$ -	\$ 4,909	\$ 1,628	\$ -
-	-	-	-	-
701	-	4,909	1,628	-
-	-	244,399	-	5,607
968,680	1,164,473	274,370	-	4,625
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	4,982	-
968,680	1,164,473	274,370	4,982	4,625
\$ 969,381	\$ 1,164,473	\$ 523,678	\$ 6,610	\$ 10,232

CITY OF SWEET HOME, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2022

	<u>Special Revenue</u>		
	<u>Public Transit Grant</u>	<u>Weddle Bridge</u>	<u>Special Events</u>
ASSETS			
Cash and investments	\$ 24,200	\$ 5,017	\$ 5,359
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 24,200</u>	<u>\$ 5,017</u>	<u>\$ 5,359</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 60,900	\$ -	\$ -
Due to other funds	-	-	-
<i>Total Liabilities</i>	60,900	-	-
Deferred Inflows			
Unavailable revenue	-	-	-
Fund Balance:			
Restricted for:			
Community development	-	-	-
Library	-	-	-
Public safety	-	-	-
Committed to:			
Parks	-	-	-
Community development	-	5,017	5,359
Capital outlay	-	-	-
Unassigned	(36,700)	-	-
<i>Total Fund Balance</i>	<u>(36,700)</u>	<u>5,017</u>	<u>5,359</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 24,200</u>	<u>\$ 5,017</u>	<u>\$ 5,359</u>

<i>Capital Projects</i>		<i>Debt Service</i>	
<i>Building Reserve</i>	<i>Project and Equipment Reserve</i>	<i>Police/Emergency Dispatch Facility G.O. Bond</i>	<i>Total</i>
\$ 63,096	\$ 1,374,232	\$ 4	\$ 4,363,057
-	-	-	19,996
-	-	-	5,342
-	-	-	244,399
-	-	-	206,186
\$ 63,096	\$ 1,374,232	\$ 4	\$ 4,838,980
\$ -	\$ -	\$ -	\$ 77,424
600,794	-	-	600,794
600,794	-	-	678,218
-	-	-	269,800
-	-	-	2,412,148
-	-	-	488,269
-	-	4	58,962
-	-	-	116,391
-	-	-	10,376
-	1,374,232	-	1,374,232
(537,698)	-	-	(569,416)
(537,698)	1,374,232	4	3,890,962
\$ 63,096	\$ 1,374,232	\$ 4	\$ 4,838,980

CITY OF SWEET HOME, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<i>Special Revenue</i>		
	<i>Narcotics Enforcement Reserve</i>	<i>Library Services Levy</i>	<i>Parks and Recreation Program</i>
REVENUES			
Taxes and assessments	\$ -	\$ 537,695	\$ -
Licenses and permits	-	-	45,387
Intergovernmental	-	2,596	-
Fines and forfeitures	-	4,317	-
Miscellaneous	277	7,096	21,715
<i>Total Revenues</i>	<u>277</u>	<u>551,704</u>	<u>67,102</u>
EXPENDITURES			
Current			
Library	-	415,618	-
Community development	-	-	-
Community center	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>415,618</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	277	136,086	67,102
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(287,800)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(287,800)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	277	(151,714)	67,102
FUND BALANCE (Deficit), beginning of year	<u>58,681</u>	<u>639,983</u>	<u>49,289</u>
FUND BALANCE (Deficit), end of year	<u>\$ 58,958</u>	<u>\$ 488,269</u>	<u>\$ 116,391</u>

Special Revenue

<i>Path Program</i>	<i>Street Maintenance and Improvements</i>	<i>Economic and Community Development</i>	<i>Community Center Operations</i>	<i>Special Assessments</i>
\$ -	\$ -	\$ -	\$ -	\$ -
-	116,577	-	-	-
500,000	-	341,543	27,823	-
-	-	-	-	-
1,970	21,581	18,189	12	-
501,970	138,158	359,732	27,835	-
-	-	-	-	-
-	272,561	511,715	-	-
-	-	-	23,621	-
64,651	-	-	-	-
64,651	272,561	511,715	23,621	-
437,319	(134,403)	(151,983)	4,214	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
437,319	(134,403)	(151,983)	4,214	-
531,361	1,298,876	426,353	768	4,625
\$ 968,680	\$ 1,164,473	\$ 274,370	\$ 4,982	\$ 4,625

CITY OF SWEET HOME, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2022**

	Special Revenue		
	Public Transit Grant	Weddle Bridge	Special Events
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	224,271	-	-
Fines and forfeitures	-	-	-
Miscellaneous	-	31	37
<i>Total Revenues</i>	224,271	31	37
EXPENDITURES			
Current			
Library	-	-	-
Community development	285,171	-	3,086
Community center	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	285,171	-	3,086
REVENUES OVER (UNDER) EXPENDITURES	(60,900)	31	(3,049)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
NET CHANGE IN FUND BALANCE	(60,900)	31	(3,049)
FUND BALANCE, beginning of year	24,200	4,986	8,408
FUND BALANCE, end of year	\$ (36,700)	\$ 5,017	\$ 5,359

<i>Capital Projects</i>		<i>Debt Service</i>	
<i>Building Reserve</i>	<i>Project and Equipment Reserve</i>	<i>Police/Emergency Dispatch Facility G.O. Bond</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 537,695
-	-	-	161,964
-	-	-	1,096,233
-	-	-	4,317
1,500	509,075	-	581,483
1,500	509,075	-	2,381,692
-	-	-	415,618
-	-	-	1,072,533
-	-	-	23,621
-	688	-	65,339
-	688	-	1,577,111
1,500	508,387	-	804,581
-	327,238	-	327,238
-	(40,000)	-	(327,800)
-	287,238	-	(562)
1,500	795,625	-	804,019
(539,198)	578,607	4	3,086,943
\$ (537,698)	\$ 1,374,232	\$ 4	\$ 3,890,962

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NARCOTICS ENFORCEMENT RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 675	\$ 675	\$ 277	\$ (398)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	675	675	277	(398)
FUND BALANCE, beginning of year	76,100	76,100	58,681	(17,419)
FUND BALANCE, end of year	\$ 76,775	\$ 76,775	\$ 58,958	\$ (17,817)

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY SERVICES LEVY FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 519,509	\$ 519,509	\$ 537,695	\$ 18,186
Intergovernmental	-	-	2,596	2,596
Fines and forfeitures	5,000	5,000	4,317	(683)
Miscellaneous	8,363	8,363	7,096	(1,267)
<i>Total Revenues</i>	532,872	532,872	551,704	18,832
EXPENDITURES				
Library	464,748	464,748	415,618	49,130
Contingency	19,084	19,084	-	19,084
<i>Total Expenditures</i>	483,832	483,832	415,618	68,214
REVENUES OVER (UNDER)				
EXPENDITURES	49,040	49,040	136,086	87,046
OTHER FINANCING SOURCES (USES)				
Transfers out	(287,800)	(287,800)	(287,800)	-
NET CHANGE IN FUND BALANCE	(238,760)	(238,760)	(151,714)	87,046
FUND BALANCE, beginning of year	511,976	511,976	639,983	128,007
FUND BALANCE, end of year	\$ 273,216	\$ 273,216	\$ 488,269	\$ 215,053

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARKS AND RECREATION PROGRAM FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 45,387	\$ 45,387
Miscellaneous	2,230	2,230	21,715	19,485
EXPENDITURES				
Parks and facilities	71,930	71,930	-	71,930
NET CHANGE IN FUND BALANCE	(69,700)	(69,700)	67,102	136,802
FUND BALANCE, beginning of year	69,700	69,700	49,289	(20,411)
FUND BALANCE, end of year	\$ -	\$ -	\$ 116,391	\$ 116,391

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PATH PROGRAM FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Miscellaneous	4,805	4,805	1,970	(2,835)
EXPENDITURES				
Capital outlay	575,000	575,000	64,651	510,349
<i>Total Expenditures</i>	575,000	575,000	64,651	510,349
NET CHANGE IN FUND BALANCE	(70,195)	(70,195)	437,319	507,514
FUND BALANCE, beginning of year	532,415	532,415	531,361	(1,054)
FUND BALANCE, end of year	\$ 462,220	\$ 462,220	\$ 968,680	\$ 506,460

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET MAINTENANCE AND IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 116,577	\$ 116,577
Miscellaneous	52,637	52,637	21,581	(31,056)
EXPENDITURES				
Community development	300,500	300,500	272,561	27,939
NET CHANGE IN FUND BALANCE	(247,863)	(247,863)	(134,403)	113,460
FUND BALANCE, beginning of year	939,942	939,942	1,298,876	358,934
FUND BALANCE, end of year	\$ 692,079	\$ 692,079	\$ 1,164,473	\$ 472,394

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ECONOMIC AND COMMUNITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 341,543	\$ 341,543	\$ 341,543	\$ -
Miscellaneous	8,184	8,184	18,189	10,005
<i>Total Revenues</i>	<i>349,727</i>	<i>349,727</i>	<i>359,732</i>	<i>10,005</i>
EXPENDITURES				
Community development	814,423	814,423	511,715	302,708
NET CHANGE IN FUND BALANCE	(464,696)	(464,696)	(151,983)	312,713
FUND BALANCE, beginning of year	464,696	464,696	426,353	(38,343)
FUND BALANCE, end of year	\$ -	\$ -	\$ 274,370	\$ 274,370

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMMUNITY CENTER OPERATIONS FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 36,670	\$ 36,670	\$ 27,823	\$ (8,847)
Miscellaneous	30	30	12	(18)
<i>Total Revenues</i>	36,700	36,700	27,835	(8,865)
EXPENDITURES				
Community center	36,700	36,700	23,621	13,079
NET CHANGE IN FUND BALANCE	-	-	4,214	4,214
FUND BALANCE, beginning of year	-	-	768	768
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,982	\$ 4,982

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL ASSESSMENTS FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,592)	(4,592)	-	4,592
NET CHANGE IN FUND BALANCE	(4,592)	(4,592)	-	4,592
FUND BALANCE, beginning of year	4,592	4,592	4,625	33
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,625	\$ 4,625

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC TRANSIT GRANT FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 224,271	\$ (125,729)
EXPENDITURES				
Community development	350,000	350,000	285,171	64,829
NET CHANGE IN FUND BALANCE	-	-	(60,900)	(60,900)
FUND BALANCE, beginning of year	-	-	24,200	24,200
FUND BALANCE (Deficit), end of year	\$ -	\$ -	\$ (36,700)	\$ (36,700)

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WEDDLE BRIDGE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 75	\$ 75	\$ 31	\$ (44)
EXPENDITURES				
Operations	5,100	5,100	-	5,100
NET CHANGE IN FUND BALANCE	(5,025)	(5,025)	31	5,056
FUND BALANCE, beginning of year	5,025	5,025	4,986	(39)
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,017	\$ 5,017

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SPECIAL EVENTS FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Grants	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Miscellaneous	2,090	2,090	37	(2,053)
<i>Total Revenues</i>	4,090	4,090	37	(4,053)
EXPENDITURES				
Community development	11,244	11,244	3,086	8,158
NET CHANGE IN FUND BALANCE	(7,154)	(7,154)	(3,049)	4,105
FUND BALANCE, beginning of year	7,154	7,154	8,408	1,254
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,359	\$ 5,359

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,500	\$ 1,500
EXPENDITURES				
Debt service				
Principal	76,421	76,421	-	76,421
Interest	14,986	14,986	-	14,986
<i>Total Expenditures</i>	<u>91,407</u>	<u>91,407</u>	<u>-</u>	<u>91,407</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(91,407)	(91,407)	1,500	(89,907)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>91,407</u>	<u>91,407</u>	<u>-</u>	<u>(91,407)</u>
NET CHANGE IN FUND BALANCE	-	-	1,500	(181,314)
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>61,596</u>	<u>61,596</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>63,096</u>	<u>\$ (119,718)</u>
Interfund loan			<u>(600,794)</u>	
			<u>\$ (537,698)</u>	

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PROJECT AND EQUIPMENT RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 13,045	\$ 13,045	\$ 509,075	496,030
EXPENDITURES				
Capital outlay	62,329	62,329	688	61,641
<i>Total Expenditures</i>	62,329	62,329	688	61,641
REVENUES OVER (UNDER)				
EXPENDITURES	(49,284)	(49,284)	508,387	557,671
OTHER FINANCING SOURCES (USES)				
Transfers in	365,076	365,076	327,238	(37,838)
Transfers out	(40,000)	(40,000)	(40,000)	-
<i>Total Other Financing Sources and Uses</i>	325,076	325,076	287,238	(37,838)
NET CHANGE IN FUND BALANCE	275,792	275,792	795,625	519,833
FUND BALANCE, beginning of year	454,360	454,360	578,607	124,247
FUND BALANCE, end of year	\$ 730,152	\$ 730,152	\$ 1,374,232	\$ 644,080

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – POLICE/EMERGENCY DISPATCH FACILITY G.O. BOND FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(4)	(4)	-	4
NET CHANGE IN FUND BALANCE	(4)	(4)	-	4
FUND BALANCE, beginning of year	4	4	4	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 4	\$ 4

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2022

	<u>Water</u>	<u>Water SDC</u>	<u>Water Capital</u>	<u>Water Depreciation Reserve</u>	<u>Total Water Operations</u>
REVENUES					
Charges for services	\$ 2,587,645	\$ -	\$ -	\$ -	\$ 2,587,645
Licenses and permits	-	260,650	-	-	260,650
Fines and forfeitures	-	-	1,107,397	-	1,107,397
Miscellaneous	25,044	2,748	-	2,460	30,252
<i>Total Revenues</i>	<u>2,612,689</u>	<u>263,398</u>	<u>1,107,397</u>	<u>2,460</u>	<u>3,985,944</u>
EXPENDITURES					
Operations	1,167,618	-	84,043	357,223	1,608,884
Treatment	1,076,187	-	-	-	1,076,187
Debt service					
Principal	232,532	-	-	-	232,532
Interest	112,142	-	-	-	112,142
<i>Total Expenditures</i>	<u>2,588,479</u>	<u>-</u>	<u>84,043</u>	<u>357,223</u>	<u>3,029,745</u>
REVENUES OVER (UNDER) EXPENDITURES	24,210	263,398	1,023,354	(354,763)	956,199
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	221,086	221,086
Proceeds from issuance of leases	6,498	-	-	-	6,498
<i>Total Other Financing Sources (Uses)</i>	<u>6,498</u>	<u>-</u>	<u>-</u>	<u>221,086</u>	<u>227,584</u>
NET CHANGE IN FUND BALANCE	30,708	263,398	1,023,354	(133,677)	1,183,783
FUND BALANCE (Deficit), beginning of year	(9,225)	645,937	437,640	1,113,313	2,187,665
FUND BALANCE, end of year	<u>\$ 21,483</u>	<u>\$ 909,335</u>	<u>\$ 1,460,994</u>	<u>\$ 979,636</u>	<u>\$ 3,371,448</u>

RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 1,183,783
Change in inventories	5,518
Change in assessments receivable	(14,848)
Depreciation and amortization	(332,341)
Capitalized expenses	290,312
Change in compensated absences	(15,949)
Change in long term debt	246,723
Change in accrued interest	(3,337)
Pension expense related to OPEB	(9,802)
CHANGE IN FUND NET POSITION	<u>\$ 1,350,059</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 2,600,580	\$ 2,600,580	\$ 2,587,645	\$ (12,935)
Miscellaneous	600,225	600,225	25,044	(575,181)
<i>Total Revenues</i>	3,200,805	3,200,805	2,612,689	(588,116)
EXPENDITURES				
Current				
Operations	1,517,272	1,517,272	1,167,618	349,654
Treatment	796,090	796,090	1,076,187	(280,097)
Debt service				
Principal	232,600	232,600	232,532	68
Interest	160,075	160,075	112,142	47,933
Contingency	92,549	92,549	-	92,549
<i>Total Expenditures</i>	2,798,586	2,798,586	2,588,479	210,107
REVENUES OVER (UNDER) EXPENDITURES	402,219	402,219	24,210	(378,009)
OTHER FINANCING SOURCES (USES)				
Transfers out	(546,922)	(546,922)	-	546,922
Proceeds from issuance of leases	-	-	6,498	6,498
<i>Total Other Financing Sources (Uses)</i>	(546,922)	(546,922)	6,498	553,420
NET CHANGE IN FUND BALANCE	(144,703)	(144,703)	30,708	175,411
FUND BALANCE (Deficit), beginning of year	296,175	296,175	(9,225)	(305,400)
FUND BALANCE, end of year	\$ 151,472	\$ 151,472	\$ 21,483	\$ (129,989)

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WATER SDC FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 79,733	\$ 79,733	\$ 260,650	\$ 180,917
Miscellaneous	6,455	6,455	2,748	(3,707)
<i>Total Revenues</i>	86,188	86,188	263,398	177,210
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	86,188	86,188	263,398	177,210
FUND BALANCE, beginning of year	576,571	576,571	645,937	69,366
FUND BALANCE, end of year	\$ 662,759	\$ 662,759	\$ 909,335	\$ 246,576

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 1,107,397	\$ 1,107,397
Miscellaneous	296,940	296,940	-	(296,940)
<i>Total Revenues</i>	296,940	296,940	1,107,397	810,457
EXPENDITURES				
Operations	262,500	262,500	84,043	178,457
NET CHANGE IN FUND BALANCE	34,440	34,440	1,023,354	988,914
FUND BALANCE, beginning of year	190,560	190,560	437,640	247,080
FUND BALANCE, end of year	\$ 225,000	\$ 225,000	\$ 1,460,994	\$ 1,235,994

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER DEPRECIATION RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 6,000	\$ 6,000	\$ 2,460	\$ (3,540)
EXPENDITURES				
Operations	365,796	365,796	357,223	8,573
REVENUES OVER (UNDER)				
EXPENDITURES	(359,796)	(359,796)	(354,763)	5,033
OTHER FINANCING SOURCES (USES)				
Transfers in	246,352	246,352	221,086	(25,266)
NET CHANGE IN FUND BALANCE	(113,444)	(113,444)	(133,677)	(20,233)
FUND BALANCE, beginning of year	742,120	742,120	1,113,313	371,193
FUND BALANCE, end of year	<u>\$ 628,676</u>	<u>\$ 628,676</u>	<u>\$ 979,636</u>	<u>\$ 350,960</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WASTEWATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2022

	<u>Wastewater</u>	<u>Wastewater SDC</u>	<u>Wastewater Capital</u>	<u>Wastewater Depreciation Reserve</u>	<u>Total Wastewater Operations</u>
REVENUES					
Charges for services	\$ 2,958,675	\$ -	\$ -	\$ -	\$ 2,958,675
Licenses and permits	-	179,807	-	-	179,807
Intergovernmental	-	-	-	971,234	971,234
Miscellaneous	1,028	3,013	2,163	-	6,204
<i>Total Revenues</i>	<u>2,959,703</u>	<u>182,820</u>	<u>2,163</u>	<u>971,234</u>	<u>4,115,920</u>
EXPENDITURES					
Operations	784,459	-	-	2,029,232	2,813,691
Treatment	1,036,177	-	-	-	1,036,177
Debt service					
Principal	485,000	-	-	-	485,000
Interest	97,875	-	-	-	97,875
<i>Total Expenditures</i>	<u>2,403,511</u>	<u>-</u>	<u>-</u>	<u>2,029,232</u>	<u>4,432,743</u>
REVENUES OVER (UNDER) EXPENDITURES	556,192	182,820	2,163	(1,057,998)	(316,823)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,648,153	1,648,153
Transfers out	(1,635,967)	-	-	-	(1,635,967)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,635,967)</u>	<u>-</u>	<u>-</u>	<u>1,648,153</u>	<u>12,186</u>
NET CHANGE IN FUND BALANCE	(1,079,775)	182,820	2,163	590,155	(304,637)
FUND BALANCE, beginning of year	<u>4,510,757</u>	<u>586,384</u>	<u>544,181</u>	<u>(1,162,401)</u>	<u>4,478,921</u>
FUND BALANCE, end of year	<u>\$ 3,430,982</u>	<u>\$ 769,204</u>	<u>\$ 546,344</u>	<u>\$ (572,246)</u>	<u>\$ 4,174,284</u>

RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ (304,637)
Change in inventories	(5,349)
Change in assessments receivable	(7,325)
Depreciation and amortization	(256,815)
Capitalized expenses	2,285,051
Change in compensated absences	3,094
Change in long term debt	509,164
Change in accrued interest	649
Pension expense related to OPEB	(10,362)
CHANGE IN FUND NET POSITION	<u>\$ 2,213,470</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,051,402	\$ 3,051,402	\$ 2,958,675	\$ (92,727)
Miscellaneous	4,973	4,973	1,028	(3,945)
<i>Total Revenues</i>	3,056,375	3,056,375	2,959,703	(96,672)
EXPENDITURES				
Operations	802,374	802,374	784,459	17,915
Treatment	991,965	991,965	1,036,177	(44,212)
Debt service				
Principal	531,892	531,892	485,000	46,892
Interest	50,983	50,983	97,875	(46,892)
<i>Total Expenditures</i>	2,377,214	2,377,214	2,403,511	(26,297)
REVENUES OVER (UNDER)				
EXPENDITURES	679,161	679,161	556,192	(122,969)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,635,967)	(1,635,967)	(1,635,967)	-
NET CHANGE IN FUND BALANCE	(956,806)	(956,806)	(1,079,775)	(122,969)
FUND BALANCE, beginning of year	1,219,486	1,219,486	4,510,757	3,291,271
FUND BALANCE, end of year	\$ 262,680	\$ 262,680	\$ 3,430,982	\$ 3,168,302

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER SDC FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 71,227	\$ 71,227	\$ 179,807	\$ 108,580
Miscellaneous	5,843	5,843	3,013	(2,830)
<i>Total Revenues</i>	77,070	77,070	182,820	105,750
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	77,070	77,070	182,820	105,750
FUND BALANCE, beginning of year	546,415	546,415	586,384	39,969
FUND BALANCE, end of year	\$ 623,485	\$ 623,485	\$ 769,204	\$ 145,719

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER CAPITAL FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 5,275	\$ 5,275	\$ 2,163	\$ (3,112)
EXPENDITURES				
Operations	65,000	65,000	-	65,000
NET CHANGE IN FUND BALANCE	(59,725)	(59,725)	2,163	61,888
FUND BALANCE, beginning of year	545,600	545,600	544,181	(1,419)
FUND BALANCE, end of year	\$ 485,875	\$ 485,875	\$ 546,344	\$ 60,469

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER DEPRECIATION RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 5,255,000	\$ 5,255,000	\$ 971,234	\$ (4,283,766)
EXPENDITURES				
Operations	5,255,000	5,255,000	2,029,232	3,225,768
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(1,057,998)	(1,057,998)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,842,432	1,842,432	1,648,153	(194,279)
NET CHANGE IN FUND BALANCE	1,842,432	1,842,432	590,155	(1,252,277)
FUND BALANCE (Deficit), beginning of year	3,102,750	3,102,750	(1,162,401)	(4,265,151)
FUND BALANCE (Deficit), end of year	<u>\$ 4,945,182</u>	<u>\$ 4,945,182</u>	<u>\$ (572,246)</u>	<u>\$ (5,517,428)</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
STORM WATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2022

	<u>Storm Water</u>	<u>Storm Water SDC</u>	<u>Storm Water Capital</u>	<u>Storm Water Depreciation</u>	<u>Total Storm Water Operations</u>
REVENUES					
Charges for services	\$ 191,231	\$ -	\$ -	\$ -	\$ 191,231
Licenses and permits	-	30,154	-	-	30,154
Miscellaneous	144	45	179,795	-	179,984
<i>Total Revenues</i>	191,375	30,199	179,795	-	401,369
EXPENDITURES					
Operations	24,903	-	42,373	-	67,276
Capital outlay	-	-	1,546	-	1,546
<i>Total Expenditures</i>	24,903	-	43,919	-	68,822
REVENUES OVER (UNDER) EXPENDITURES	166,472	30,199	135,876	-	332,547
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(198,970)	-	-	-	(198,970)
<i>Total Other Financing Sources and Uses</i>	(198,970)	-	-	-	(198,970)
NET CHANGE IN FUND BALANCE	(32,498)	30,199	135,876	-	133,577
FUND BALANCE, beginning of year	5,273	11,651	271,815	31	288,770
FUND BALANCE (Deficit), end of year	\$ (27,225)	\$ 41,850	\$ 407,691	\$ 31	\$ 422,347

RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS

NET CHANGE IN FUND BALANCE	\$ 133,577
Depreciation	(189)
Change in compensated absences	455
Pension expense related to OPEB	731
NET CHANGE IN FUND NET POSITION	\$ 134,574

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM WATER FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 188,553	\$ 188,553	\$ 191,231	\$ 2,678
Miscellaneous	350	350	144	(206)
<i>Total Revenues</i>	188,903	188,903	191,375	2,472
EXPENDITURES				
Operations	44,622	44,622	24,903	19,719
REVENUES OVER (UNDER) EXPENDITURES	144,281	144,281	166,472	22,191
OTHER FINANCING SOURCES (USES)				
Transfers out	(198,970)	(198,970)	(198,970)	-
NET CHANGE IN FUND BALANCE	(54,689)	(54,689)	(32,498)	22,191
FUND BALANCE, beginning of year	77,000	77,000	5,273	(71,727)
FUND BALANCE (Deficit), end of year	\$ 22,311	\$ 22,311	\$ (27,225)	\$ (49,536)

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER SDC FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 30,154	\$ 30,154
Miscellaneous	110	110	45	(65)
<i>Total Revenues</i>	110	110	30,199	30,089
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	110	110	30,199	30,089
FUND BALANCE, beginning of year	11,681	11,681	11,651	(30)
FUND BALANCE, end of year	\$ 11,791	\$ 11,791	\$ 41,850	\$ 30,059

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER CAPITAL FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 200,170	\$ 200,170	\$ 179,795	\$ (20,375)
EXPENDITURES				
Operations	100,000	100,000	42,373	57,627
Capital outlay	25,000	25,000	1,546	23,454
NET CHANGE IN FUND BALANCE	75,170	75,170	135,876	60,706
FUND BALANCE, beginning of year	274,650	274,650	271,815	(2,835)
FUND BALANCE, end of year	<u>\$ 349,820</u>	<u>\$ 349,820</u>	<u>\$ 407,691</u>	<u>\$ 57,871</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER DEPRECIATION FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, beginning of year	-	-	31	31
FUND BALANCE, end of year	\$ -	\$ -	\$ 31	\$ 31

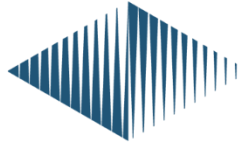
CITY OF SWEET HOME, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,548,584	\$ 1,548,584	\$ 1,525,566	\$ (23,018)
Licenses and permits	283,550	283,550	307,455	23,905
Fines and forfeitures	27,473	27,473	-	(27,473)
Miscellaneous	3,500	3,500	812	(2,688)
<i>Total Revenues</i>	1,863,107	1,863,107	1,833,833	(29,274)
EXPENDITURES				
Personal services	133,171	133,171	130,802	2,369
Materials and services	16,913	16,913	17,767	(854)
Executive and legislative	498,394	498,394	557,731	(59,337)
Finance	595,117	595,117	602,978	(7,861)
Public works	545,169	545,169	538,663	6,506
Contingency	74,343	74,343	-	74,343
<i>Total Expenditures</i>	1,863,107	1,863,107	1,847,941	17,536
NET CHANGE IN FUND BALANCE	-	-	(14,108)	(11,738)
FUND BALANCE, beginning of year	-	-	9,164	9,164
FUND BALANCE (Deficit), end of year	\$ -	\$ -	\$ (4,944)	\$ (2,574)

**RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN
FUND NET POSITION, GAAP BASIS**

NET CHANGE IN FUND BALANCE	\$ (14,108)
Revenues classified as deferred for budgetary purposes	(29,912)
Pension expense related to OPEB	(6,586)
CHANGE IN FUND NET POSITION	\$ (50,606)

COMPLIANCE SECTION



GROVE, MUELLER & SWANK

redw
Advisors & CPAs

***INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS***

The Honorable Susan Coleman, Mayor
and Members of the City Council
1140 12th Avenue
Sweet Home, Oregon 97386

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Sweet Home, Oregon as of and for the year ended June 30, 2022, and have issued our report thereon dated May 9, 2024.

Compliance and Other Matters

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

We performed procedures to the extent we considered necessary to address the required comments and disclosures which include, 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).
- Accountability for collecting or receiving money by elected officials.

In connection with our testing, certain items came to our attention that caused us to believe the City was in substantial non-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 detailed as follows:

- The financial statements were not filed timely with the Oregon Secretary of State's office
- Budget Compliance
 - Over expenditures of appropriations as detailed in the notes to the financial statements on page 55
 - Deficit fund balances in the Public Transit Grant and Building Reserve funds
 - The originally adopted budget for the fiscal year ending June 30, 2023, was adopted with resources and requirements out of balance as well as transfers in and transfers out of balance.

Internal Control Over Financial Reporting

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

A material weakness and a significant deficiency in internal controls were reported to management in a letter dated May 9, 2024.

Restriction on Use

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



Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
May 9, 2024