

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

We have audited the 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 (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 20, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting, material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 31, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- The possibility that management could override the systems of controls. This risk is always identified and addressed by our planned audit procedures. This is not indicative of any unusual circumstances observed within your organization.
- Fraudulent transactions could be posted to the bank accounts due to bank reconciliations not being performed timely.
- Expenditures could be reclassified to avoid over expenditures.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the

possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimates of depreciation, net pension liability, the OPEB liability and related deferred inflows and outflows.

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

Difficulties were encountered related to a lack of quality financial information, primarily in the form of a balancing trial balance. Once a balancing trial balance was received, multiple accounts were unreconciled. The combination of which resulted in a several month delay in issuance of the audited financial statements.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The detail below summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

An uncorrected misstatements was identified as follows:

- Fixed assets, specifically related to equipment, as disclosed in the City's financial statements is overstated by approximately \$89,000 when compared to the supporting documentation provided.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Attached is a list of misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 31, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

During our audit, instances of noncompliance were noted associated with Oregon Minimum Standards as outlined in our Independent Auditor's Report Required by Oregon State Regulations dated October 31, 2025, which included the following:

- A budget officer was not appointed
- There was no public notice of the budget committee meeting

A material weakness in internal controls was reported to management in a letter dated October 31, 2025.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Sweet Home and is not intended to be and should not be used by anyone other than these specified parties.

REDW LLC

Salem, Oregon
October 31, 2025

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To record year-end net pension liability and related deferred outflows/inflows.			
800-000-260-000	Net Pension Liability	635,560.00	
800-000-300-000	BEGINNING FUND BALANCE	313,493.00	
800-000-180-000	Deferred Outflows		344,971.00
800-000-240-000	Deferred Inflows		604,082.00
Total		949,053.00	949,053.00

Adjusting Journal Entries JE # 2
To record OPEB liability as of year-end

100-000-000-226	Retained Earnings	13,977.00	
500-000-181-000	Deferred Outflows - OPEB	1,358.00	
500-000-279-000	RETAINED EARNINGS	24,474.00	
500-000-281-000	Deferred Inflows - OPEB	2,553.00	
550-000-000-170	Deferred Outflows	299.00	
550-000-181-000	Deferred Outflows - OPEB	210.00	
550-000-279-000	RETAINED EARNINGS	19,083.00	
550-000-281-000	Deferred Inflows - OPEB	1,329.00	
560-000-000-170	Deferred Outflows	23.00	
560-000-261-000	OPEB Liability	309.00	
560-000-279-000	RETAINED EARNINGS	284.00	
560-000-281-000	Deferred Inflows - OPEB	315.00	
800-000-191-000	Net OPEB Asset	7,228.00	
800-000-261-000	Net OPEB Liability	40,421.00	
800-000-300-000	BEGINNING FUND BALANCE	63,850.00	
100-000-000-170	Deferred Outflows		13,977.00
500-000-000-170	Deferred Outflows		2,239.00
500-000-000-227	Deferred Inflows		11,508.00
500-000-261-000	OPEB Liability		14,638.00
550-000-000-227	Deferred Inflows		11,053.00
550-000-261-000	OPEB Liability		9,868.00
560-000-000-227	Deferred Inflows		706.00
560-000-181-000	Deferred Outflows - OPEB		225.00
800-000-181-000	Deferred Outflows 0 PEB		13,532.00
800-000-281-000	Deferred Inflows - OPEB		97,967.00
Total		175,713.00	175,713.00

Adjusting Journal Entries JE # 3
To record adjustments to deferred revenue and receivable accounts for payments received on assessments.

760-000-000-300	Fund Balance	407,119.46	
760-000-000-162	Accounts Recievable		285,225.46
760-000-000-208	Deferred Revenue		121,894.00
Total		407,119.46	407,119.46

Adjusting Journal Entries JE # 4

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
To record beginning balances for lease liability and ROU Asset			
500-000-000-185	ROU Asset - Water	35,404.98	
550-000-000-185	ROU Asset - Wastewater	104,725.03	
800-000-000-185	ROU Asset - General	45,800.58	
500-000-000-224	Operating Lease Liability		35,404.98
550-000-000-224	Operating Lease Liability - Wastewater		104,725.03
800-000-000-224	Operating Lease Liability - General		45,800.58
Total		185,930.59	185,930.59

Adjusting Journal Entries JE # 5

To record CY ROU asset amortization

500-000-000-551	Amortization Expense - Water	7,453.68	
550-000-000-551	Amortization Expense - Wastewater	23,295.60	
800-000-000-551	Amortization Expense - Gen	10,497.96	
500-000-000-186	Accum Amort ROU Asset - Water		7,453.68
550-000-000-186	Accum Amort ROU Asset - Wastewater		23,295.60
800-000-000-186	Accum Amort ROU Asset - Gen		10,497.96
Total		41,247.24	41,247.24

Adjusting Journal Entries JE # 6

To reclass principal portion for CY lease expense

500-000-000-224	Operating Lease Liability	7,453.68	
550-000-000-224	Operating Lease Liability - Wastewater	23,295.60	
800-000-000-224	Operating Lease Liability - General	10,497.96	
500-109-000-535	Equipment Rental		7,453.68
550-111-000-535	Equipment Rental		23,295.60
800-000-000-535	Equipment/Vehical Rental - Gen		10,497.96
Total		41,247.24	41,247.24

Adjusting Journal Entries JE # 7

To adjust fund balance to agree to prior year financial statements

100-000-000-300	Fund Balance	16,235.21	
100-000-000-381	Miscellaneous	68,893.00	
301-000-000-226	Retained Earnings	890.83	
301-000-000-300	Fund Balance	35,197.92	
302-000-000-226	Retained Earnings	1,719.94	
302-000-000-300	Fund Balance	14,663.38	
500-000-000-300	Fund Balance	2,864,566.40	
550-000-000-300	Fund Balance	3,382,924.20	
550-000-101-002	Umpqua General Checking	477,435.26	
553-000-101-002	Umpqua General Checking	38,849.00	
560-000-101-002	Umpqua General Checking	61.90	
563-000-000-300	Fund Balance	61.90	
760-000-000-300	Fund Balance	37,999.00	
100-000-000-226	Retained Earnings		68,893.00
100-000-000-381	Miscellaneous		16,235.21

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
301-000-000-163	Asset - Previous Years		890.83
301-000-000-163	Asset - Previous Years		35,197.92
302-000-000-162	Accounts Recievable		14,663.38
302-000-000-163	Asset - Previous Years		1,719.94
500-000-101-002	Umpqua General Checking		516,284.26
500-000-279-000	RETAINED EARNINGS		2,348,282.14
550-000-279-000	RETAINED EARNINGS		3,860,359.46
553-000-000-300	Fund Balance		38,849.00
560-000-000-509	Other		61.90
563-000-101-002	Umpqua General Checking		61.90
760-000-101-006	INTER CASH TRANSFER		18,189.00
760-000-330-003	OWNER REHAB (96) REVENUE		19,810.00
Total		6,939,497.94	6,939,497.94

Adjusting Journal Entries JE # 8

To reverse fund consolidation posted incorrectly.

200-000-000-167	Prepaid Expenses	16,358.36	
200-000-143-000	Prepaid Expense		16,358.36
Total		16,358.36	16,358.36

Adjusting Journal Entries JE # 9

To expense prior year prepaid expenses

100-104-000-517	Professional Services	41,725.23	
200-000-000-517	Professional Services	8,179.18	
206-000-000-517	Professional Services	14,847.01	
500-109-000-517	Professional Services	16,769.51	
550-111-000-517	Professional Services	19,129.02	
100-000-000-167	Prepaid Expenses		41,725.23
200-000-000-167	Prepaid Expenses		8,179.18
206-000-000-167	Prepaid Expenses		14,847.01
500-000-000-167	Prepaid Expenses		16,769.51
550-000-000-167	Prepaid Expenses		19,129.02
Total		100,649.95	100,649.95

Adjusting Journal Entries JE # 10

To correct allocation of interest for FF&C Spring payment

500-000-101-002	Umpqua General Checking	27,780.00	
550-000-000-543	Interest	27,780.00	
500-000-000-543	Interest		27,780.00
550-000-101-002	Umpqua General Checking		27,780.00
Total		55,560.00	55,560.00

Adjusting Journal Entries JE # 11

To reallocate prior year principal payments for 2021 FFC bonds

500-000-101-002	Umpqua General Checking	222,000.00	
550-000-000-542	Principal	222,000.00	

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
500-000-000-542	Principal		222,000.00
550-000-101-002	Umpqua General Checking		222,000.00
Total		444,000.00	444,000.00

Adjusting Journal Entries JE # 12

To record changes in inventory balance

500-000-000-165	Inventory	1,340.26	
550-000-000-226	Retained Earnings	10,361.77	
500-000-000-226	Retained Earnings		1,340.26
550-000-000-165	Inventory		10,361.77
Total		11,702.03	11,702.03

Adjusting Journal Entries JE # 13

To record changes in loan and lease balances during the year and correct client posting.

500-000-000-221	OECCD G04002 Principal	697,619.12	
500-000-279-000	RETAINED EARNINGS	24,378.00	
500-000-279-000	RETAINED EARNINGS	41,103.00	
550-000-000-231	Loan Payable - SRF 3	500,000.00	
550-000-202-018	21 GO Bond Wastewater	746,103.00	
800-000-221-100	Police Vehicle Leases	12,996.76	
500-000-220-002	OECCD S04002 LOAN		230,230.00
500-000-220-003	21 GO Bond Water		41,103.00
500-000-221-100	Lease Liability		24,378.00
500-000-279-000	RETAINED EARNINGS		467,389.12
550-000-000-226	Retained Earnings		500,000.00
550-000-279-000	RETAINED EARNINGS		746,103.00
800-000-280-001	INVEST IN GEN FXD ASSETS		12,996.76
Total		2,022,199.88	2,022,199.88

Adjusting Journal Entries JE # 14

To clear out liability account with incorrect activity

500-000-000-224	Operating Lease Liability	37,374.24	
500-109-000-535	Equipment Rental		37,374.24
Total		37,374.24	37,374.24

Adjusting Journal Entries JE # 15

To correct balances in capital assets to reflect CY

500-000-000-171	Machinery & Equipment	23,617.00	
500-000-000-174	Utility System	723,656.98	
500-000-000-226	Retained Earnings	28,866.29	
550-000-000-173	Utility Plant	7,380,884.03	
550-000-000-175	Construction in Progress	49,840.04	
560-000-000-226	Retained Earnings	186.00	
560-000-000-226	Retained Earnings	190.50	
560-000-170-100	ACCUM. DEPREC. MACH&EQUIP	109.10	
800-000-166-000	INFRASTRUCTURE	1,354,216.33	

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
800-000-280-001	INVEST IN GEN FXD ASSETS	109,546.97	
800-000-280-001	INVEST IN GEN FXD ASSETS	861,408.35	
500-000-000-164	Accumulated Depreciation		509,163.67
500-000-000-226	Retained Earnings		266,976.60
550-000-000-164	Accumulated Depreciation		638,724.25
550-000-000-171	Machinery & Equipment		21,350.00
550-000-000-226	Retained Earnings		2,031,167.82
550-000-000-226	Retained Earnings		4,739,482.00
560-000-000-171	Machinery & Equipment		485.60
800-000-164-000	EQUIPMENT		575,470.52
800-000-170-000	ACCUMULATED DEPRECIATION		1,749,701.13
Total		10,532,521.59	10,532,521.59

Adjusting Journal Entries JE # 16

To accurately record compensated absences payable

500-000-000-226	Retained Earnings	25,581.42	
500-000-000-228	Compensated Absense	5,961.62	
550-000-000-228	Compensated Absences	340.33	
550-000-000-228	Compensated Absences	3,104.23	
560-000-218-000	ACCRUED COMP.ABS.PAY	453.69	
999-000-182-000	AMT TO BE PROVID COMP ABS	13,241.59	
500-000-000-228	Compensated Absense		25,581.42
500-000-218-000	ACCRUED COMP.ABS.PAYABLE		5,961.62
550-000-000-226	Retained Earnings		3,104.23
550-000-218-000	ACCRUED COMP.ABS.PAY.		340.33
560-000-000-226	Retained Earnings		453.69
999-000-218-000	ACCURED COMP ABS PAY		13,241.59
Total		48,682.88	48,682.88

Adjusting Journal Entries JE # 17

To adjust accrued interest to actual.

500-000-000-220	OECDG G04002 Interest	4,171.55	
500-000-214-003	Accruit Int Payable 21 GO	69.32	
500-000-279-000	RETAINED EARNINGS	2,286.85	
550-000-214-000	ACCURED INTEREST	2,093.18	
500-000-214-002	ACCRUED INT. PAYABLE S04002		6,527.72
550-000-279-000	RETAINED EARNINGS		2,093.18
Total		8,620.90	8,620.90

Adjusting Journal Entries JE # 18

To correct balances at 6/30/2023 for Accounts Receivable

100-000-000-162	Accounts Recievable	8,662.08	
206-000-000-162	Accounts Recievable	12,108.87	
100-000-000-381	Miscellaneous		8,662.08
206-000-000-329	State Gas Tax		6,565.88
206-000-000-381	Miscellaneous		5,542.99
Total		20,770.95	20,770.95

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 19			
To remove PY tax revenue from CY			
100-000-101-006	INTER. CASH TRANSFERS	27,236.39	
100-000-000-324	Revenue Sharing - General		2,087.82
100-000-000-325	Revenue Sharing - Cigarette		48.72
100-000-000-326	Revenue Sharing - OLCC		22,955.23
100-000-000-327	Revenue Sharing - MJ		2,144.62
Total		27,236.39	27,236.39

Adjusting Journal Entries JE # 20			
To adjust investments to market value rather than amortized cost			
100-000-000-380	Interest	171,941.57	
100-000-101-009	Zions Investments		171,941.57
Total		171,941.57	171,941.57

Adjusting Journal Entries JE # 21			
PBC - to post changes caused by new TB received by client on 5.24			
100-000-000-161	Claim on cash	15,308.74	
100-000-000-168	Taxes Receivable	32,970.71	
100-000-000-302	Property Tax - Current	288.05	
100-000-000-381	Miscellaneous	157,467.43	
100-000-101-002	Cash - Umpqua	481,916.18	
100-000-101-007	LGIP	3,418.44	
100-000-105-000	TAXES REC. CURRENT	2,703.73	
100-000-115-002	ACCTS.REC.-COURT FEES	836,634.66	
100-000-222-002	DEF.REV.COURT REC.	189,364.66	
100-005-412-320	Professional Services	400.00	
100-006-419-320	Professional Services	5,441.88	
100-101-000-507	Retirement	6,928.23	
100-101-000-510	Operating Supplies	17,877.50	
100-104-000-507	Retirement	4,631.46	
100-104-000-531	Enterprise Fleet	26.06	
100-105-000-504	Wages	3,000.00	
100-105-000-507	Retirement	2,136.98	
100-107-000-507	Retirement	2,922.07	
100-116-000-507	Retirement	22,607.65	
200-000-000-168	Taxes Receivable	130,904.27	
200-000-000-302	Property Tax - Current	278,224.68	
200-000-000-303	Property Tax - Past	13,202.88	
200-000-000-507	Retirement	38,351.03	
201-000-000-168	Taxes Receivable	24,314.02	
201-000-000-302	Property Tax - Current	202.57	
201-000-000-303	Property Tax - Past	1,967.35	
201-000-000-507	Retirement	4,111.53	
201-000-105-000	TAXES REC. CURRENT	641.12	
202-000-101-002	Umpqua General Checking	1,037,117.11	

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
206-000-000-381	Miscellaneous	16,276.83	
206-000-000-507	Retirement	3,456.93	
206-000-235-000	Interfund Loan Payable	206,186.00	
207-000-101-006	INTERFUND CASH TRANSFER	297,927.39	
207-000-101-007	LGIP	531,987.05	
301-000-000-162	Accounts Receivable	21,484.08	
301-000-000-208	Deferred Revenue	14,604.67	
301-000-101-006	INTER CASH TRANSFER	3,953.02	
302-000-000-162	Accounts Recievable	13,982.12	
302-000-000-208	Deferred Revenue	160.40	
302-000-101-002	Cash - Umpqua	3,953.02	
310-000-101-002	Umpqua General Checking	2,039,076.75	
310-002-395-011	Miscellaneous Revenue	73,192.19	
401-000-101-002	Umpqua General Checking	899,954.74	
455-000-000-300	Fund Balance	7,487.96	
455-000-101-006	INTERFUND CASH TRANSFER	1,200,031.10	
455-000-125-100	INTEREST RECEIVABLE	999.37	
455-000-361-001	F.M. ASSMNTS - INT.	830.79	
455-004-361-012	Interest on Assessments	34.78	
500-000-000-174	Utility System	5,476,050.55	
500-000-000-226	Retained Earnings	73,192.19	
500-000-000-390	Transfer	4,546.51	
500-000-101-003	RETAINAGE ACCOUNT	4,119.59	
500-000-101-007	LGIP	14,184,794.02	
500-000-115-006	ACCTS.REC. - USER FEES	79,075.33	
500-109-000-507	Retirement	3,771.09	
500-110-000-507	Retirement	2,061.13	
501-000-000-300	Fund Balance	35,197.92	
502-000-101-002	Umpqua General Checking	18,685,396.14	
502-009-361-010	Interest	0.41	
503-000-101-002	Umpqua General Checking	722,720.53	
503-000-135-000	Interfund Loan Receivable	73,192.19	
550-000-000-229	Loan Payable - SRF 1	1,238,403.00	
550-000-000-230	Loan Payable - SRF 2	2,851,345.00	
550-000-000-231	Loan Payable - SRF 3	250,000.00	
550-000-000-232	Loan Payable Interest - SRF 1	9,829.52	
550-000-000-233	Loan Payable Interest - SRF 2	6,890.83	
550-000-000-303	Property Taxes - Past	138.51	
550-000-000-390	Transfer	29,063.26	
550-000-101-006	INTERFUND CASH TRANSFER	8,013,007.89	
550-000-101-007	LGIP	15,283,268.50	
550-000-300-000	Beginning Fund Balance	516,284.26	
550-111-000-507	Retirement	4,432.93	
550-111-000-510	Operating Supplies	3.30	
550-112-000-507	Retirement	1,812.65	
551-000-000-300	Fund Balance	14,663.38	
551-000-361-001	SEWER DEV. FEES INTEREST	1,275.18	
551-009-361-012	Interest on Assessments	437.04	
552-000-101-002	Umpqua General Checking	111,840.74	
553-000-000-300	Fund Balance	38,849.00	

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
553-000-101-002	Umpqua General Checking	21,896,971.77	
553-000-279-000	RETAINED EARNINGS	499,186.35	
560-000-000-174	Utility System	52,091.46	
560-000-000-390	Transfer	1,222.18	
560-000-000-507	Retirement	377.12	
562-000-101-002	Umpqua General Checking	198,756.33	
563-000-101-002	Umpqua General Checking	135.57	
585-000-101-002	Umpqua General Checking	829,167.43	
753-000-101-002	Umpqua General Checking	285.88	
754-000-101-002	Umpqua General Checking	565,518.60	
760-000-101-006	INTER CASH TRANSFER	1,861,942.06	
770-000-000-212	Interfund Loan	673,986.00	
770-000-101-007	LGIP	1,779,309.27	
100-000-000-162	Accounts Recievable		1,165,001.87
100-000-000-208	Deferred Revenue		22,184.09
100-000-000-211	Payroll		28,126.93
100-000-000-300	Fund Balance		6,916.77
100-000-000-303	Property Tax - Past		15,308.74
100-000-000-380	Interest		532,556.09
100-000-103-100	LINN-BENTON CD		7,115.98
100-000-222-003	DEF.REV. TAXES REC.		2,991.78
100-101-000-508	Taxes		0.30
100-104-000-517	Professional Services		5,441.88
100-107-000-517	Professional Services		400.00
200-000-000-161	Claim on cash		13,202.88
200-000-000-208	Deferred Revenue		130,904.27
200-000-000-211	Payroll		38,351.03
200-000-105-000	TAXES REC. CURRENT		272,618.15
200-000-222-003	DEF.REV.TAXES REC.		5,606.53
201-000-000-161	Claim on cash		1,967.35
201-000-000-208	Deferred Revenue		24,314.02
201-000-000-211	Payroll		4,111.53
201-000-222-003	DEF.REV.TAXES REC.		843.69
202-000-101-006	INTER CASH TRANSFERS		462,954.43
202-000-101-007	LGIP		574,162.68
206-000-000-211	Payroll		3,456.93
206-000-101-007	LGIP		16,276.83
206-000-135-000	Interfund Loan Receivable		206,186.00
207-000-101-002	Cash - Umpqua		829,914.44
301-000-000-226	Retained Earnings		890.83
301-000-000-300	Fund Balance		35,197.92
301-000-101-002	Cash - Umpqua		3,953.02
302-000-000-226	Retained Earnings		1,719.94
302-000-000-300	Fund Balance		14,663.38
302-000-000-381	Miscellaneous		1,712.22
310-000-101-006	INTER CASH TRANSFER		833,930.16
310-000-101-007	LGIP		1,205,146.59
310-000-235-000	Interfund Loan Payable		73,192.19
401-000-101-007	LGIP		899,954.74
455-000-101-002	Umpqua General Checking		1,195,178.94

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
455-000-101-007	LGIP		3,418.44
455-000-222-000	DEF.REV. ASSMNTS.		5,393.31
455-000-222-001	DEF.REV. FM ASSMNTS.REC.		5,393.31
500-000-000-162	Accounts Recievable		79,075.33
500-000-000-173	Interfund Loan Recievable		673,986.00
500-000-000-211	Payroll		5,832.22
500-000-000-300	Fund Balance		2,348,282.14
500-000-000-381	Miscellaneous		0.41
500-000-101-002	Umpqua General Checking		16,204,150.05
500-000-300-000	Beginning Fund Balance		516,284.26
501-000-125-000	ASSESSMENTS INT. REC.		1,995.96
501-000-222-000	Deferred Revenue		14,604.67
501-000-279-000	RETAINED EARNINGS		18,597.29
502-000-101-003	RETAINAGE ACCOUNT		4,119.59
502-000-101-006	INTERFUND CASH TRANSFER		4,496,482.94
502-000-101-007	LGIP		14,184,794.02
503-000-101-006	INTERFUND CASH TRANSFER		722,720.53
503-000-279-000	RETAINED EARNINGS		73,192.19
550-000-000-161	Claim on cash		138.51
550-000-000-211	Payroll		6,245.58
550-000-000-226	Retained Earnings		499,186.35
550-000-000-300	Fund Balance		3,899,208.46
550-000-101-002	Umpqua General Checking		23,799,700.75
551-000-101-002	Umpqua General Checking		3,953.02
551-000-125-000	ASSESSMENTS INT.REC.		648.96
551-000-222-000	Deferred Revenue		160.40
551-000-279-000	RETAINED EARNINGS		11,613.22
552-000-101-006	INTERFUND CASH TRANSFER		31,635.36
552-000-101-007	LGIP		80,205.38
553-000-101-006	INTERFUND CASH TRANSFER		3,775,430.39
553-000-101-007	LGIP		14,303,108.38
553-000-202-015	LOANS PAYABLE - SRF #1		1,238,403.00
553-000-202-016	LOANS PAYABLE - SRF #2		2,851,345.00
553-000-202-017	LOANS PAYABLE - SRF #3		250,000.00
553-000-214-000	ACCRUED INTEREST LOAN #1		9,829.52
553-000-214-001	ACCRUED INTEREST LOAN #2		6,890.83
560-000-000-211	Payroll		377.12
560-000-101-002	Umpqua General Checking		53,313.64
562-000-101-006	INTERFUND CASH TRANSFER		198,756.33
563-000-000-300	Fund Balance		61.90
563-000-101-006	INTERFUND CASH TRANSFER		73.67
585-000-101-006	INTERFUND CASH TRANSFERS		297,180.38
585-000-101-007	LGIP		531,987.05
753-000-101-006	INTERFUND CASH TRANSFER		285.88
754-000-101-006	INTERFUND CASH TRANSFER		565,518.60
760-000-101-002	Cash - Umpqua		1,861,942.06
770-000-000-381	Miscellaneous		73,192.19
770-000-101-002	Cash - Umpqua		2,380,103.08
Total		104,725,272.79	104,725,272.79

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 22			
To correct the receivable and deferred revenue balance at year-end.			
100-000-000-208	Deferred Revenue	31,136.89	
200-000-000-162	Accounts Recievable	138,432.65	
200-000-000-208	Deferred Revenue	138,432.65	
201-000-000-208	Deferred Revenue	20,637.46	
100-000-000-381	Miscellaneous		31,136.89
200-000-000-302	Property Tax - Current		276,865.30
201-000-000-162	Accounts Recievable		20,637.46
Total		<u>328,639.65</u>	<u>328,639.65</u>
Adjusting Journal Entries JE # 23			
To properly record Senior Citizens of Sweet Home grant expense in fund 207			
203-000-101-002	Umpqua - Cash	116,896.00	
207-115-000-519	Projects & Programs	116,896.00	
203-000-000-517	Professional Services		116,896.00
207-000-101-002	Cash - Umpqua		116,896.00
Total		<u>233,792.00</u>	<u>233,792.00</u>
Adjusting Journal Entries JE # 24			
To correct the transfers recorded at year-end			
500-000-000-348	Sales	4,546.51	
550-000-000-348	Sales	29,063.26	
560-000-000-348	Sales	1,222.18	
500-000-000-390	Transfer		4,546.51
550-000-000-390	Transfer		29,063.26
560-000-000-390	Transfer		1,222.18
Total		<u>34,831.95</u>	<u>34,831.95</u>
Adjusting Journal Entries JE # 25			
To correct the allocation of water and sewer UB revenues			
500-000-101-006	INTERFUND CASH TRANSFER	60,749.69	
550-000-000-348	Sales	60,749.69	
500-000-000-348	Sales		60,749.69
550-000-101-006	INTERFUND CASH TRANSFER		60,749.69
Total		<u>121,499.38</u>	<u>121,499.38</u>
Adjusting Journal Entries JE # 26			
To record CY balances for premium and related amortization			
500-000-220-113	21 GO Bond Water Accumulated	28,382.75	
550-000-202-218	21 GO Bond - Waste Water	48,327.38	
500-000-000-226	Retained Earnings		28,382.75
550-000-000-226	Retained Earnings		48,327.38
Total		<u>76,710.13</u>	<u>76,710.13</u>

Client: **94176.001 - City of Sweet Home**
Engagement: **Audit 2023 - City of Sweet Home**
Period Ending: **6/30/2023**
Trial Balance: **TB**
Workpaper: **13.01.3 - Copy of Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 27			
To adjust retained earnings to agree to prior year financial statements			
500-000-000-226	Retained Earnings	14,731.00	
550-000-000-211	Payroll	632.00	
560-000-000-211	Payroll	410.00	
500-109-000-510	Operating Supplies		14,731.00
550-000-000-226	Retained Earnings		632.00
560-000-000-226	Retained Earnings		410.00
Total		15,773.00	15,773.00

Adjusting Journal Entries JE # 28			
To correct entry for interfund loan forgiveness			
500-000-000-226	Retained Earnings	600,794.00	
770-000-101-002	Cash - Umpqua	600,794.00	
500-000-101-002	Umpqua General Checking		600,794.00
770-000-000-381	Miscellaneous		600,794.00
Total		1,201,588.00	1,201,588.00

Adjusting Journal Entries JE # 29			
To clear out previous years assets and liabilities			
100-000-000-207	Liability - Previous Years	11,000.51	
200-000-000-207	Liability - Previous Years	230.00	
301-000-000-207	Liability - Previous Years	58,581.78	
302-000-000-207	Liability - Previous Years	39,709.69	
304-000-000-207	Liability - Previous Years	5,376.02	
304-000-000-347	SDC Charges	1,733.38	
305-000-000-207	Liability - Previous Years	524.17	
100-101-000-510	Operating Supplies		11,000.51
200-000-000-510	Operating Supplies		230.00
301-000-000-163	Asset - Previous Years		13,949.43
301-000-000-347	SDC Charges		44,632.35
302-000-000-163	Asset - Previous Years		32,348.24
302-000-000-347	SDC Charges		7,361.45
304-000-000-163	Asset - Previous Years		7,109.40
305-000-000-517	Professional Services		524.17
Total		117,155.55	117,155.55

Adjusting Journal Entries JE # 53			
To record deferred inflows in new gov't SDC funds			
501-000-279-000	RETAINED EARNINGS	19,488.12	
551-000-279-000	RETAINED EARNINGS	13,333.16	
501-000-222-000	Deferred Revenue		19,488.12
551-000-222-000	Deferred Revenue		13,333.16
Total		32,821.28	32,821.28



City of Sweet Home
3225 Main Street
Sweet Home, OR 97386
541-367-8969
Fax 541-367-1215
www.sweethomeor.gov

REDW, LLC.
475 Cottage Street NE, Suite 200
Salem, OR 97301

This representation letter is provided in connection with your audit of 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 (the City) as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of 10/31/25.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 20, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized below and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
 - Fixed assets, specifically related to equipment, as disclosed in the City's financial statements has a discrepancy amounting to an overstatement of approximately \$89,000 when compared documentation provided.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

- The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have evaluated the entity's ability to meet its obligations as they become due, and have not identified any conditions or events, individually or in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern.
- We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of all the City's related parties and the nature of all the related party relationships and transactions of which we are aware.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Jason Ogden, City Manager / Police Chief



Matt Brown, Consultant