



City of Sweet Home

*Financial Statements, Supplementary Information,
and
Independent Auditor's Report
June 30, 2023*

redw
Advisors & CPAs

CITY OF SWEET HOME
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CITY OF SWEET HOME

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CITY OF SWEET HOME
CITY OFFICIALS
JUNE 30, 2023

MAYOR

Term Expires

Susan Coleman, Mayor

December 31, 2026

CITY COUNCIL MEMBERS

Greg Mahler, President Pro-Tem

December 31, 2024

Dylan Richards

December 31, 2026

Lisa Gourley

December 31, 2024

Angelita Sanchez

December 31, 2024

Joshua Thorstad

December 31, 2026

Dave Trask

December 31, 2024

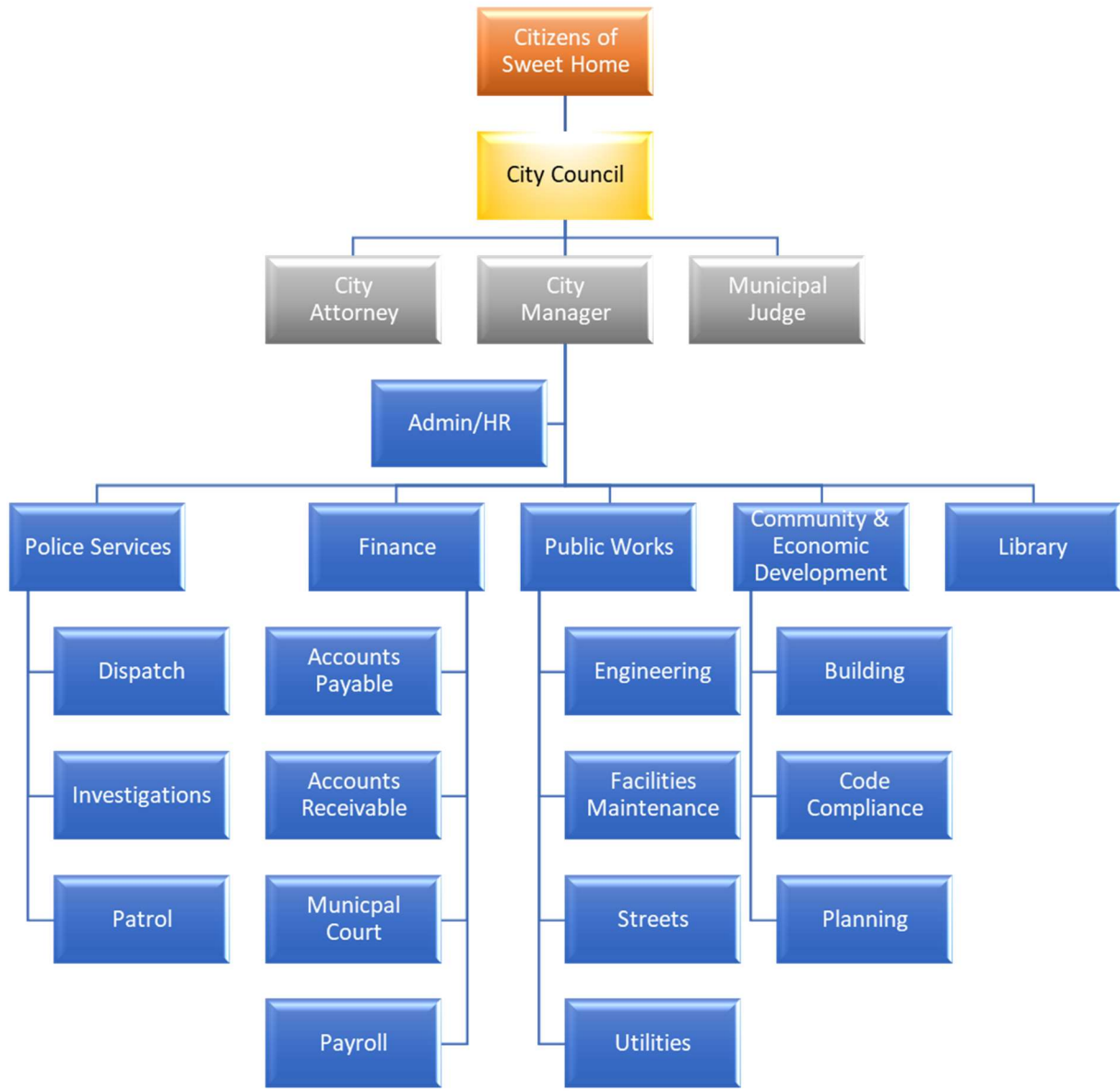
The above individuals may be contacted at the address below

CITY ADMINISTRATION

Jason Ogden, 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



Independent Auditor's Report

The Honorable Susan Coleman, Mayor
and Members of the City Council
Sweet Home, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sweet Home, Oregon as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sweet Home, Oregon as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of revenues, expenditures, and changes in fund balance – budget and actual presented as required supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 31, 2025, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
October 31, 2025

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

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)					
June 30,					
	2023		2022		change
Net position	\$ 51,041		\$ 42,880		\$ 8,161
Change in net position	8,161		5,156		3,005
Governmental activities net position	22,985		19,596		3,389
Business-type activities net position	28,056		23,284		4,772
Change in governmental net assets	3,389		1,458		1,931
Change in proprietary net assets	4,772		3,698		1,074

Overall, the City's net position increased \$7,143 thousand (or 17%). 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.

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

- 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.

Table 1
 Statements of Net Position
 June 30,
 (in thousands)

	2023			2022			Change		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 13,664	\$ 10,281	\$ 23,945	\$ 9,933	\$ 8,383	\$ 18,316	\$ 3,731	\$ 1,898	\$ 5,629
Other assets	1,013	740	1,753	137	1,345	1,482	876	(605)	271
Capital assets	11,319	32,690	44,009	12,191	27,714	39,905	(872)	4,976	4,104
<i>Total Assets</i>	<i>25,996</i>	<i>43,711</i>	<i>69,707</i>	<i>22,261</i>	<i>37,442</i>	<i>59,703</i>	<i>3,735</i>	<i>6,269</i>	<i>10,004</i>
Deferred Outflows of Resources	663	4	667	913	7	920	(250)	(3)	(253)
Other liabilities	832	3,563	4,395	596	1,046	1,642	236	2,517	2,753
Long-term liabilities	1,938	12,072	14,010	1,766	13,111	14,877	172	(1,039)	(867)
<i>Total Liabilities</i>	<i>2,770</i>	<i>15,635</i>	<i>18,405</i>	<i>2,362</i>	<i>14,157</i>	<i>16,519</i>	<i>408</i>	<i>1,478</i>	<i>1,886</i>
Deferred Inflows of Resources	904	24	928	1,216	8	1,224	(312)	16	(296)
Net position									
Net investment in capital assets	11,295	20,674	31,969	12,150	14,668	26,818	(855)	6,006	5,151
Restricted	9,695	(1)	9,694	7,071	1,181	8,252	2,624	(1,182)	1,442
Unrestricted	1,995	7,383	9,378	375	7,435	7,810	1,620	(52)	1,568
<i>Total Net Position</i>	<i>\$ 22,985</i>	<i>\$ 28,056</i>	<i>\$ 51,041</i>	<i>\$ 19,596</i>	<i>\$ 23,284</i>	<i>\$ 42,880</i>	<i>\$ 3,389</i>	<i>\$ 4,772</i>	<i>\$ 8,161</i>

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

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.

Table 2
 Statements of Activities
 June 30,
 (in thousands)

	2023			2022			Change		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues									
Program Revenues									
Charges for service	\$ 998	\$ 5,846	\$ 6,844	\$ 2,168	\$ 6,208	\$ 8,376	\$ (1,170)	\$ (362)	\$ (1,532)
Operating grants and contributions	1,682	-	1,682	259	-	259	1,423	-	1,423
Capital grants and contributions	466	-	466	-	950	950	466	(950)	(484)
General Revenues									
Taxes and assessments	4,706	35	4,741	4,882	-	4,882	(176)	35	(141)
Other	2,811	6,219	9,030	4,034	1,143	5,177	(1,223)	5,076	3,853
Total Revenues	10,663	12,100	22,763	11,343	8,301	19,644	(680)	3,799	3,119
Expenses									
Programs	9,674	4,928	14,602	9,671	4,817	14,488	3	111	114
Transfers	601	(601)	-	(214)	214	-	815	(815)	-
Change in Net Position	1,590	6,571	8,161	1,458	3,698	5,156	132	2,873	3,005
Beginning Net Position	19,596	23,284	42,880	18,138	19,586	37,724	1,458	3,698	5,156
Restatement	1,799	(1,799)	-	-	-	-	1,799	(1,799)	-
Beginning Net Position, restated	21,395	21,485	42,880	18,138	19,586	37,724	3,257	1,899	5,156
Ending Net Position	\$ 22,985	\$ 28,056	\$ 51,041	\$ 19,596	\$ 23,284	\$ 42,880	\$ 3,389	\$ 4,772	\$ 8,161

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 increase by \$1,238,720 from the previous fiscal year. Half of this increase, in general terms, is because expenses at the end of the year were lower than resources brought in. The other half of the reason for the increase is that there were no transfers out to other funds during the current year. Currently, the ending fund balance represents about 70% of the General Fund expenses.

Public Safety Fund. The Public Safety Fund saw an increase to an ending fund balance by \$317,834. Currently, the ending fund balance represents about 118% of the Police Fund's expenses.

Transportation Fund. The Transportation Fund saw a decrease to an ending fund balance by \$319,512. Currently, the ending fund balance represents about 31% of the fund's expenses.

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

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, Sewer, 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 \$90 thousand.

Sewer Operations. Sewer Operations accounts for the operation of the City's sewer utility and related facilities. The net position of the Sewer Operations Fund increased \$6.4 million. The increase was primarily due \$6.2 million in grant funding.

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.

Table 3
Governmental Funds - Fund
Balances
June 30,
(in thousands)

Major Funds	2023		2022		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 2,546	19%	\$ 1,308	15%	\$ 1,238	95%
Public Safety	3,575	27%	3,198	36%	377	12%
Transportation	320	2%	547	6%	(227)	-41%
Other Governmental Funds	6,734	50%	3,891	45%	2,843	73%
Total fund balances	\$ 13,175	98%	\$ 8,944	102%	\$ 4,231	47%

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

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.

Table 4
Proprietary Funds - Fund Balances
June 30,
(in thousands)

Major Funds	2023		2022		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water Operations	\$ 4,781	17%	\$ 5,747	25%	\$ (966)	-17%
Sewer Operations	22,820	81%	17,116	74%	5,704	33%
Other Business-type Funds	456	2%	422	1%	34	8%
Total fund net position	\$ 28,057	100%	\$ 23,285	100%	\$ 4,772	20%

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, Public Safety, 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 sewer 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.

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

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 \$44 million (net of accumulated depreciation). This is an increase of about \$4 million from the prior year. This investment in capital assets includes land, construction in progress, building and improvements, equipment, and infrastructure.

Table 5
Capital Assets at June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and improvements	\$ 3,534	\$ 3,534	\$ -	\$ -	\$ 3,534	\$ 3,534
Buildings	10,716	10,716	30,055	24,246	40,771	34,962
Equipment	2,147	2,860	835	881	2,982	3,741
Infrastructure	27,234	26,734	10,297	10,297	37,531	37,031
Construction in progress	489	488	16,616	16,616	17,105	17,104
Accumulated depreciation	(32,801)	(32,188)	(25,112)	(24,465)	(57,913)	(56,653)
Net capital assets	<u>\$ 11,319</u>	<u>\$ 12,144</u>	<u>\$ 32,691</u>	<u>\$ 27,575</u>	<u>\$ 44,010</u>	<u>\$ 39,719</u>

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

Table 6
Changes in Capital Assets
(in thousands)

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 12,191	\$ 27,714	\$ 39,905
Additions	500	5,810	6,310
Retirements	(139)	(36)	(175)
Depreciation	(1,233)	(797)	(2,030)
Ending balance	<u>\$ 11,319</u>	<u>\$ 32,691</u>	<u>\$ 44,010</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.

CITY OF SWEET HOME, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023

Long-Term Debt

The City's long-term debt on June 30, 2023, and 2022, is summarized below. More detailed information can be found in the debt section of the audit report.

Table 7
City of Sweet Home
General Obligation Debt
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Loans/leases	\$ 24	\$ 31	\$ 6,646	\$ 7,138	\$ 6,670	\$ 7,169
Bonds payable	-	-	4,800	5,270	4,800	5,270
<i>Total</i>	\$ 24	\$ 31	\$ 11,446	\$ 12,408	\$ 11,470	\$ 12,439

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 2023 through the last payment in 2040. Looking forward into the future, the city has continued design work on a Sewer 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, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 13,664,210	\$ 10,281,412	\$ 23,945,622
Accounts receivable	307,059	669,323	976,382
Property taxes receivable	188,189	-	188,189
Assessment liens receivable	34,305	-	34,305
Loans receivable	425,308	-	425,308
Prepaid items	32,677	-	32,677
Internal balances	-	-	-
Inventories	-	71,311	71,311
Net OPEB asset	25,969	-	25,969
Non-depreciable capital assets	4,023,062	16,615,920	20,638,982
Other capital assets, net of depreciation	7,260,409	15,964,708	23,225,117
Right to use leased assets, net of amortization	35,303	109,380	144,683
<i>Total Assets</i>	25,996,491	43,712,054	69,708,545
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	634,584	-	634,584
Deferred outflows related to OPEB	28,287	4,351	32,638
<i>Total Deferred Outflows</i>	662,871	4,351	667,222
LIABILITIES			
Accounts payable	568,457	3,304,835	3,873,292
Accrued payroll liabilities	229,308	-	229,308
Deposits payable	2,832	221,714	224,546
Accrued interest payable	-	36,873	36,873
Unearned revenue	31,359	-	31,359
Due within one year:			
Long-term debt and right to use assets	6,498	1,102,206	1,108,704
Accrued compensated absences	206,086	36,415	242,501
Due in more than one year:			
Long-term debt, net of premiums	17,494	10,804,243	10,821,737
OPEB Liability	111,421	19,744	131,165
Net pension liability	1,561,508	-	1,561,508
Right to use - lease liability	35,303	109,380	144,683
<i>Total Liabilities</i>	2,770,266	15,635,410	18,405,676
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	765,639	-	765,639
Deferred inflows related to OPEB	138,582	23,898	162,480
<i>Total Deferred Inflows of Resources</i>	904,221	23,898	928,119
NET POSITION			
Net investment in capital assets	11,294,782	20,674,179	31,968,961
Restricted for:			
Public safety	3,705,830	-	3,705,830
Construction	3,455,773	-	3,455,773
Community development	1,907,548	-	1,907,548
Library	626,123	-	626,123
Unrestricted	1,994,819	7,382,918	9,377,737
<i>Total Net Position</i>	\$ 22,984,875	\$ 28,057,097	\$ 51,041,972

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

CITY OF SWEET HOME, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Governmental activities:				
General government	\$ 3,648,564	\$ 799,190	\$ 1,251,746	\$ -
Public safety	3,144,555	157,277	896	-
Library	525,847	4,638	9,020	-
Parks	989,211	-	-	18,518
Community development	341,320	36,401	419,961	261,845
Transportation	1,023,395	245	-	185,861
<i>Total Governmental activities</i>	9,672,892	997,751	1,681,623	466,224
Business-type activities:				
Water	2,032,461	2,682,645	-	-
Sewer	2,772,309	2,967,551	-	-
Stormwater	123,003	196,060	-	-
<i>Total Business-type activities</i>	4,927,773	5,846,256	-	-
<i>Total Activities</i>	\$ 14,600,665	\$ 6,844,007	\$ 1,681,623	\$ 466,224

General Revenues:

Property taxes
Franchise taxes
Intergovernmental
Miscellaneous

Total General Revenues

Transfers

Change in net position

Net Position - beginning of year

Restatement

Net Position - beginning of year as restated

Net Position - end of year

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

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

Governmental Activities	Business-Type Activities	Totals
\$ (1,597,628)	\$ -	\$ (1,597,628)
(2,986,382)	-	(2,986,382)
(512,189)	-	(512,189)
(970,693)	-	(970,693)
376,887	-	376,887
(837,289)	-	(837,289)
(6,527,294)	-	(6,527,294)
-	650,184	650,184
-	195,242	195,242
-	73,057	73,057
-	918,483	918,483
(6,527,294)	918,483	(5,608,811)
4,706,008	34,850	4,740,858
763,079	-	763,079
1,286,394	6,162,321	7,448,715
761,620	56,483	818,103
7,517,101	6,253,654	13,770,755
600,794	(600,794)	-
1,590,601	6,571,343	8,161,944
19,595,671	23,284,357	42,880,028
1,798,603	(1,798,603)	-
21,394,274	21,485,754	42,880,028
\$ 22,984,875	\$ 28,057,097	\$ 51,041,972

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

CITY OF SWEET HOME, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue		
	General	Public Safety	Transportation Fund
ASSETS			
Cash and investments	\$ 2,947,588	\$ 3,715,931	\$ 268,731
Accounts receivable	1,250,418	-	67,531
Property taxes receivable	32,971	130,904	-
Assessment liens receivable	8,222	-	-
Loans receivable	-	-	-
Prepaid items	32,677	-	-
Total Assets	\$ 4,271,876	\$ 3,846,835	\$ 336,262
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 420,134	\$ 102,654	\$ 13,293
Accrued payroll and payroll liabilities	183,388	38,351	3,457
Deposits payable	2,832	-	-
Total Liabilities	606,354	141,005	16,750
Deferred Inflows of Resources			
Unavailable revenue	1,119,338	130,904	-
Fund Balance:			
Non-spendable	32,677	-	-
Restricted for:			
Public safety	-	3,574,926	-
Community development	-	-	319,512
Library	-	-	-
Capital outlay	-	-	-
Committed to:			
Capital outlay	-	-	-
Unassigned	2,513,507	-	-
Total Fund Balance	2,546,184	3,574,926	319,512
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,271,876	\$ 3,846,835	\$ 336,262

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

Other Governmental Funds	Total
\$ 6,731,960	\$ 13,664,210
37,381	1,355,330
24,314	188,189
32,821	41,043
425,308	425,308
-	32,677
\$ 7,251,784	\$ 15,706,757
\$ 31,399	\$ 567,480
4,112	229,308
-	2,832
35,511	799,620
482,443	1,732,685
-	32,677
-	3,574,926
1,162,728	1,482,240
601,809	601,809
3,455,773	3,455,773
-	
1,513,520	1,513,520
-	2,513,507
6,733,830	13,174,452
\$ 7,251,784	\$ 15,706,757

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, 2023

<i>Fund Balances</i>	\$ 13,174,452
<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	1,667,528
Court receivables, net of allowance	(1,055,009)
<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	44,119,922
Accumulated depreciation	(32,801,148)
<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	(59,295)
Accrued compensated absences	(206,086)
Net pension liability	(1,561,508)
Net OPEB liability	(85,452)
<p>Deferred outflows/inflows of resources 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 of resources	662,871
Deferred inflows of resources	(904,221)
Net Position of Governmental Activities	\$ 22,952,054

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, 2023**

	<u>General Fund</u>	<u>Special Revenue</u>	
		<u>Public Safety</u>	<u>Transportation Fund</u>
REVENUES			
Taxes and assessments	\$ 809,464	\$ 3,283,758	\$ -
Licenses and permits	983,268	2,176	-
Charges for services	550,080	-	-
Intergovernmental	1,752,099	896	786,041
Fines and forfeitures	184,238	-	-
Miscellaneous	602,488	50,002	9,656
<i>Total Revenues</i>	<u>4,881,637</u>	<u>3,336,832</u>	<u>795,697</u>
EXPENDITURES			
Current			
General government	1,554,859	-	-
Library	-	-	-
Parks	984,091	-	-
Community development	781,145	-	510,652
Public safety	322,822	2,953,076	-
Community center	-	-	-
Transportation	-	-	-
Capital outlay	-	65,922	512,743
<i>Total Expenditures</i>	<u>3,642,917</u>	<u>3,018,998</u>	<u>1,023,395</u>
NET CHANGE IN FUND BALANCE	<u>1,238,720</u>	<u>317,834</u>	<u>(227,698)</u>
FUND BALANCE, beginning of year	<u>1,307,464</u>	<u>3,257,092</u>	<u>547,210</u>
FUND BALANCE, end of year	<u>\$ 2,546,184</u>	<u>\$ 3,574,926</u>	<u>\$ 319,512</u>

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

Other Governmental Funds	Total
\$ 606,123	\$ 4,699,345
464,316	1,449,760
36,401	586,481
228,262	2,767,298
4,638	188,876
722,231	1,384,377
2,061,971	11,076,137
-	1,554,859
505,268	505,268
-	984,091
51,424	1,343,221
-	3,275,898
268,203	268,203
17,593	17,593
33,418	612,083
875,906	8,561,216
1,186,065	2,514,921
5,547,765	10,659,531
\$ 6,733,830	\$ 13,174,452

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, 2023**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 2,514,921
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.	436,441
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	500,000
Depreciation	(1,232,774)
Net book value of dispositions	(139,133)
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.	
Interfund loan	600,794
Capital and right to use leased assets paid	10,498
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.	(105,184)
Change in Net Position of Governmental Activities	<u>\$ 2,575,068</u>

CITY OF SWEET HOME, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Water Operations	Sewer Operations	Nonmajor Storm Water Operations	Total
ASSETS				
Current Assets				
Cash and investments	\$ 2,963,204	\$ 6,854,526	\$ 463,682	\$ 10,281,412
Accounts receivable	294,516	353,897	20,910	669,323
Inventories	44,079	27,232	-	71,311
<i>Total Current Assets</i>	3,301,799	7,235,655	484,592	11,022,046
Noncurrent Assets				
Nondepreciable capital assets	-	16,615,920	-	16,615,920
Other capital assets, net of depreciation	8,920,281	7,044,427	-	15,964,708
Other amortizable assets, net of amortization	27,951	81,429	-	109,380
<i>Total Noncurrent Assets</i>	8,948,232	23,741,776	-	32,690,008
<i>Total Assets</i>	12,250,031	30,977,431	484,592	43,712,054
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	2,176	2,044	131	4,351
LIABILITIES				
Current Liabilities				
Accounts payable	461,725	2,815,862	27,248	3,304,835
Deposits payable	221,714	-	-	221,714
Accrued interest payable	30,263	6,610	-	36,873
Current portion of long-term liabilities				
Long-term debt	327,206	775,000	-	1,102,206
Accrued compensated absences	36,334	81	-	36,415
<i>Total Current Liabilities</i>	1,077,242	3,597,553	27,248	4,702,043
Noncurrent Liabilities				
Long-term debt, net of premiums	6,343,788	4,460,455	-	10,804,243
Lease liability	27,951	81,429	-	109,380
OPEB liability	9,874	9,277	593	19,744
<i>Total Noncurrent Liabilities</i>	6,381,613	4,551,161	593	10,933,367
<i>Total Liabilities</i>	7,458,855	8,148,714	27,841	15,635,410
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	11,952	11,229	717	23,898
FUND NET POSITION				
Net investment in capital assets	2,249,287	18,424,892	-	20,674,179
Unrestricted	2,532,113	4,394,640	456,165	7,382,918
<i>Total Fund Net Position</i>	\$ 4,781,400	\$ 22,819,532	\$ 456,165	\$ 28,057,097

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, 2023**

	Water Operations	Sewer Operations	Nonmajor Storm Water Operations	Total
OPERATING REVENUES				
Charges for services	\$ 2,682,645	\$ 2,967,551	\$ 196,060	\$ 5,846,256
Miscellaneous	30,408	3,075	-	33,483
<i>Total Operating Revenues</i>	2,713,053	2,970,626	196,060	5,879,739
OPERATING EXPENSES				
Personal services	476,907	437,376	31,225	945,508
Materials and services	1,067,200	1,833,647	91,759	2,992,606
Depreciation	350,526	415,398	19	765,943
Amortization	7,454	23,296	-	30,750
<i>Total Operating Expenses</i>	1,902,087	2,709,717	123,003	4,734,807
OPERATING INCOME (LOSS)	810,966	260,909	73,057	1,144,932
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	6,162,321	-	6,162,321
Taxes and assessments	-	34,850	-	34,850
Investment revenue	10,000	10,000	3,000	23,000
Interest expense and amortization	(93,676)	(62,592)	-	(156,268)
Gain (loss) on sale of assets	(36,698)	-	-	(36,698)
<i>Total Nonoperating Revenues (Expenses)</i>	(120,374)	6,144,579	3,000	6,027,205
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	690,592	6,405,488	76,057	7,172,137
Transfers out	(600,794)	-	-	(600,794)
CHANGE IN FUND NET POSITION	89,798	6,405,488	76,057	6,571,343
FUND NET POSITION, beginning of year	5,746,603	17,115,793	421,961	23,284,357
RESTATEMENT	(1,055,001)	(701,749)	(41,853)	(1,798,603)
FUND NET POSITION, beginning of year as restated	4,691,602	16,414,044	380,108	21,485,754
FUND NET POSITION, end of year	\$ 4,781,400	\$ 22,819,532	\$ 456,165	\$ 28,057,097

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, 2023

	Water Operations	Sewer Operations	Nonmajor Storm Water Operations	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Collected from customers	\$ 2,653,582	\$ 2,970,626	\$ 194,637	\$ 5,818,845
Paid to suppliers	(818,055)	(1,814,217)	(87,996)	(2,720,268)
Paid to employees	(469,439)	(435,307)	(30,620)	(935,366)
<i>Net Cash Provided by Operating Activities</i>	1,366,088	721,102	76,021	2,163,211
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Received from (paid to) other funds	-	(389,673)	-	(389,673)
Transfers in	-	(29,063)	-	(29,063)
Transfers out	(600,794)	-	-	(600,794)
<i>Net Cash Used in Non-Capital Financing Activities</i>	(600,794)	(418,736)	-	(1,019,530)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(168,536)	(3,059,252)	-	(3,227,788)
Principal paid on long-term debt	(315,546)	-	-	(315,546)
Contribution of capital	-	6,162,321	188	6,162,509
Interest paid	(93,676)	(59,771)	-	(153,447)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	(577,758)	3,043,298	188	2,465,728
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	10,000	10,000	3,000	23,000
<i>Net Cash Provided by Investing Activities</i>	10,000	10,000	3,000	23,000
<i>Increase in Cash and Investments</i>	197,536	3,355,664	79,209	3,632,409
CASH AND INVESTMENTS, Beginning of year	2,765,668	3,498,862	384,473	6,649,003
CASH AND INVESTMENTS, End of year	\$ 2,963,204	\$ 6,854,526	\$ 463,682	\$ 10,281,412

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, 2023

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Nonmajor Storm Water Operations</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 810,966	\$ 260,909	\$ 73,057	\$ 1,144,932
Depreciation	350,526	415,398	19	765,943
Amortization	7,454	23,296	-	30,750
Change in assets and liabilities:				
Accounts receivable	(85,041)	-	-	(85,041)
Deferred outflows	1,679	-	-	1,679
Inventory	4,178	-	-	4,178
Prepaid expenses	9,700	-	-	9,700
Accounts payable and accrued liabilities	239,445	-	-	239,445
Customer deposits	15,870	-	-	15,870
Accrued vacation payable	9,632	-	-	9,632
OPEB liability	(11,525)	-	-	(11,525)
Deferred inflows	7,682	-	-	7,682
	<u>\$ 1,360,566</u>	<u>\$ 699,603</u>	<u>\$ 73,076</u>	<u>\$ 2,133,245</u>
<i>Net Cash Provided by Operating Activities</i>				
Noncash Transactions				
Transfer of capital assets	\$ -	\$ -	\$ -	\$ -

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, 2023

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Transportation Fund - This fund accounts for revenues from gas tax apportionments received from the State of Oregon and the local street maintenance fee and expenditures for maintenance of public streets.

The City reports the following major proprietary funds:

Water Operations - The water 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.

Sewer Operations - The sewer operations fund is used to account for the acquisition, operations, and maintenance of the City owned sewer utility system, which is funded primarily through user fees.

Additionally, the City reports non-major funds within the governmental fund type:

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources that are earmarked for specific purposes including transient room tax, forfeiture, and library operations. Principal resources include property taxes, intergovernmental revenues, room taxes, and charges for services

Capital Projects Funds - These funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities. Principal resources include system development charges used for infrastructure and other various capital projects.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following nonmajor enterprise funds:

Storm Water Operations - Storm water operations consist of two funds, the Storm Water fund, and the Storm Water SDC 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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definitions of Governmental Fund Types (Continued)

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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 sewer 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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022, 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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting (Continued)

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.

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2023:

	<i>Carrying Value</i>	<i>Fair Value</i>
<i>Cash</i>		
Cash on hand	\$ 3,216	\$ 3,216
Deposits with financial institutions	2,614,801	2,614,801
<i>Investments</i>		
Local Government Investment Pool	16,887,500	16,887,500
Corporate bonds	572,061	572,061
Municipal bonds	270,481	270,481
Government agency securities - U.S.	381,335	381,335
U.S. treasury notes and bonds	2,834,074	2,834,074
Other	382,154	382,154
	\$ 23,945,622	\$ 23,945,622

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CASH AND INVESTMENTS (Continued)

Deposits

The book balance of the City's bank deposits with various financial institutions was \$2,614,801 and the bank balance was \$2,617,755 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, 2023, \$2,117,755 of the City's bank balances were covered by the PFCP.

Custodial Credit Risk - Investments

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, 2023, 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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

CASH AND INVESTMENTS (Continued)

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, 2023, 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, 2023

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

Business-type Activities

	Balances June 30, 2022	Increases	Decreases	Balances June 30, 2023
NON-DEPRECIABLE CAPITAL ASSETS				
Construction in progress-sewer	\$ 16,615,920	\$ -	\$ -	\$ 16,615,920
<i>Total non-depreciable capital assets</i>	16,615,920	-	-	16,615,920
DEPRECIABLE CAPITAL AND LEASED ASSETS				
Equipment - water	446,379	-	(178,120)	268,259
Equipment - sewer	433,005	-	(21,350)	411,655
Equipment - storm water	1,886	-	(1,806)	80
Water facilities	12,235,540	654,201	-	12,889,741
Sewer facilities	12,010,078	5,154,880	-	17,164,958
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>	35,578,266	5,809,081	(201,276)	41,186,071
CAPITAL AND LEASED ASSETS DEPRECIATION/AMORTIZATION				
Equipment - water	(214,723)	(44,638)	141,421	(117,940)
Equipment - sewer	(433,005)	-	21,350	(411,655)
Equipment - storm water	(1,700)	(19)	1,639	(80)
Water facilities	(3,813,892)	(305,889)	-	(4,119,781)
Sewer facilities	(9,705,131)	(415,398)	-	(10,120,529)
Stormwater Infrastructure	(10,296,700)	-	-	(10,296,700)
Right to use leased assets - accumulated amortization	(14,548)	(30,750)	-	(45,298)
<i>Total capital asset accumulated depreciation/amortization</i>	(24,479,699)	(796,694)	164,410	(25,111,983)
<i>Business-type activities capital assets, net</i>	\$ 27,714,487	\$ 5,012,387	\$ (36,866)	\$ 32,690,008

Depreciation of \$796,694 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, 2023

CAPITAL ASSETS (Continued)

Governmental Activities

	<i>Balances June 30, 2022</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2023</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	2,860,255	-	(765,875)	2,094,380
Infrastructure	26,734,068	500,000	-	27,234,068
Right to use leased assets	52,490	-	-	52,490
<i>Total depreciable capital and leased assets</i>	40,362,735	500,000	(765,875)	40,096,860
CAPITAL AND LEASED ASSETS DEPRECIATION/AMORTIZATION				
Buildings - accumulated depreciation	(6,394,640)	(267,898)	-	(6,662,538)
Equipment - accumulated depreciation	(2,014,362)	(286,026)	626,743	(1,673,645)
Infrastructure - accumulated depreciation	(23,779,426)	(668,352)	-	(24,447,778)
Right to use leased assets - accumulated amortization	(6,689)	(10,498)	-	(17,187)
<i>Total capital asset accumulated depreciation/amortization</i>	(32,195,117)	(1,232,774)	626,743	(32,801,148)
<i>Governmental activities capital assets, net</i>	\$ 12,190,680	\$ (732,774)	\$ (139,132)	\$ 11,318,774

Depreciation expense in the amount of \$1,232,774 was charged to general government on the statement of activities.

LONG-TERM DEBT

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

	<i>Outstanding June 30, 2022</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2023</i>	<i>Due Within One Year</i>
<i>Governmental Activities</i>					
Direct borrowings - leases	\$ 30,490	\$ -	\$ (6,498)	\$ 23,992	\$ 6,498
<i>Business-type Activities</i>					
Direct borrowings	\$ 12,407,539	\$ -	\$ (961,354)	\$ 11,446,185	\$ 1,110,182
Bond premiums	498,619	-	(38,355)	460,264	38,355
	\$ 12,906,158	\$ -	\$ (999,709)	\$ 11,906,449	\$ 1,148,537

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

LONG-TERM DEBT (Continued)

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.

\$ 23,992

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

Fiscal Year Ending June 30,	Payments
2024	\$ 6,498
2025	6,498
2026	6,498
2027	4,498
	\$ 23,992

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 clear well 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.

\$ 4,371,806

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.

\$ 2,250,000

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

LONG-TERM DEBT (Continued)

In March 2021, the City issued Full Faith and Credit Refunding Obligations, Series 2021 to provide funds for advance refunding of three water and sewer 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.

\$ 4,800,000

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,110,182	\$ 178,493	\$ 1,288,675
2025	1,182,553	156,621	1,339,174
2026	954,950	137,125	1,092,075
2027	954,843	120,981	1,075,824
2028	966,837	104,587	1,071,424
2029-2033	3,976,709	296,034	4,272,743
2034-2038	1,746,579	80,490	1,827,069
2039-2040	553,531	8,317	561,848
	<u>\$ 11,446,184</u>	<u>\$ 1,082,648</u>	<u>\$ 12,528,832</u>

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, 2023, 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, 2023, the City's lease payable activity was as follows:

	Outstanding June 30, 2022	Issued	Matured/ Redeemed During Year	Outstanding June 30, 2023	Due Within One Year
<i>Governmental activities</i>					
Vehicle leases	\$ 45,801	\$ -	\$ (10,498)	\$ 35,303	\$ 10,498
<i>Business-type activities</i>					
Vehicle leases	\$ 140,130	\$ -	\$ (30,749)	\$ 109,381	\$ 30,749

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

RIGHT TO USE - LEASES PAYABLE (Continued)

At June 30, 2023, future principal and interest payments for the lease payables are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
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>\$ 35,303</u>	<u>\$ 8,590</u>	<u>\$ 109,381</u>	<u>\$ 31,988</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.

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

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 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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

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, 2020, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2022. 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 \$115,782.

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 \$60,071 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, 2023, the City reported a liability of \$1,561,508 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2022 and 2021, measurement dates, the City's proportion was 0.01019% and 0.01073%, respectively.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2023, the City recognized pension expense of \$118,073. At June 30, 2023, 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	\$ 75,799	\$ 9,738
Changes of assumptions	245,009	2,238
Net difference between projected and actual earnings on investments	-	279,167
Changes in proportionate share	197,994	72,379
Differences between employer contributions and employer's proportionate share of system contributions	-	402,117
Contributions subsequent to measurement date	115,782	-
	<u> </u>	<u> </u>
Total	<u>\$ 634,584</u>	<u>\$ 765,639</u>

Deferred outflows of resources related to pensions of \$115,782 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>	
2024	\$ (14,236)
2025	(80,390)
2026	(182,000)
2027	62,646
2028	(32,857)
	<u> </u>
Total	<u>\$ (246,837)</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2020, 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></p> <p>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></p> <p>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></p> <p>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>

(Source: June 30, 2022 Oregon PERS ACFR; Table 25; Page 71)

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Long-Term Expected Rate of Return

Long-Term Expected Rate of Return 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.

(Source: June 30, 2022, Oregon PERS ACFR; Table 31; Page 74)

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.

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	\$ 2,769,199	\$ 1,561,508	\$ 550,726

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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, 2023, totaled \$189,936 on \$1,661,936 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, 2023, was \$173,021 on \$1,096,870 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%

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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	\$ -	\$ 25,969	\$ 25,969
Deferred Outflows of Resources			
Contributions After Measurement Date	645	180	825
Differences Between Expected and Actual Experience	18,122	-	18,122
Differences Between Expected and Actual Earnings	-	-	-
Changes in Proportionate Share	-	3,352	3,352
Change in Assumptions	10,136	203	10,339
Total Outflows of Resources	28,903	3,735	32,638
Total OPEB Liability	(131,165)	-	(131,165)
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	(127,937)	(704)	(128,641)
Change in Assumptions or Experience	(30,834)	(866)	(31,700)
Net Difference Between Projected and Actual Earnings	-	(1,981)	(1,981)
Changes in Proportionate Share	-	(158)	(158)
	(158,771)	(3,709)	(162,480)
OPEB Expense/(Income)			
(Included in program expenses on Statement of Activities)	15,076	(1,666)	13,410

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	1
Active employees	55
	<u>56</u>

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 \$131,165 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. For the fiscal year ended June 30, 2023, the City recognized an OPEB expense from this plan of \$15,076. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected an actual experience	\$ 18,122	\$ (127,937)
Changes of assumptions and inputs	10,136	(30,834)
Contributions subsequent to measurement date	645	-
Total	<u>\$ 28,903</u>	<u>\$ (158,771)</u>

Deferred outflows of resources related to OPEB of \$645 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, 2024.

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

<i>Year ended June 30:</i>	
2024	\$ (13,367)
2025	(13,063)
2026	(11,844)
2027	(15,913)
2028	(19,219)
Thereafter	(57,107)
Total	<u>\$ (130,513)</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2022, 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, 2022	\$ 241,281
Changes for the year:	
Service cost	23,448
Interest on total OPEB liability	5,640
Effect of economic/demographic gains or losses	(102,143)
Effect of assumptions changes or inputs	(29,745)
Benefit payments	(7,316)
Balance as of June 30, 2023	<u>\$ 131,165</u>

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:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 145,351	\$ 131,165	\$ 118,203

Healthcare Cost Trend:

	<u>1% Decrease (3.25% decreasing to 2.75%)</u>	<u>Current Healthcare Trend Rate (4.25% decreasing to 3.75%)</u>	<u>1% Increase (5.25% decreasing to 4.75%)</u>
Total OPEB Liability	\$ 111,737	\$ 131,165	\$ 154,668

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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.

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, 2020, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2022. 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, 2022, contributions was \$180.

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

At June 30, 2023, the City reported an asset of \$25,969 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, 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, 2022, the City's proportionate share was 0.00731%, which is an increase from its proportion of 0.00951% as of June 30, 2021.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

For the year ended June 30, 2023, the City recognized a credit to OPEB expense from this plan of \$(1,666). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ -	\$ 704
Changes of assumptions	203	866
Net difference between projected and actual earnings	-	1,981
Changes in proportionate share	3,352	158
Contributions subsequent to the MD	180	-
Total	\$ 3,735	\$ 3,709

Deferred outflows of resources related to OPEB of \$180 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30:</i>	
2024	\$ (1,723)
2025	(1,772)
2026	(2,451)
2027	-
Total	\$ (5,946)

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

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:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Liability (Asset)	\$ (23,406)	\$ (25,969)	\$ (28,167)

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 City county 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.

TRANSFERS

Interfund transfers on a budgetary basis for the year ended June 30, 2023, 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
Transportation	-	66,208
Non-Major Governmental	327,238	327,800
Water Operations	221,087	-
Sewer 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>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

TRANSFERS (Continued)

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. This loan was forgiven in September 2023 by the city council through resolution 22.

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. This loan was forgiven in September 2023 by the city council through resolution 23.

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, 2023, occurred as follows:

<u>Fund Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Court	\$ 297,000	\$ 322,822	\$ (25,822)
Public Safety			
Materials and services	558,500	584,368	(25,868)
Transportation			
Materials and services	166,500	199,915	(33,415)
Library Services Levy			
Personal services	261,000	265,273	(4,273)
Materials and services	225,100	239,995	(14,895)
Capital outlay	4,900	20,000	(15,100)
Community Enhancement			
Public transit	103,000	158,342	(55,342)
Water			
Operations	1,994,000	2,194,116	(200,116)
Sewer			
Debt service	560,000	748,200	(188,200)

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

BEGINNING BALANCE ADJUSTMENT

<u>Activity/Fund</u>	<u>Increase (decrease) in beginning net position</u>
The following funds were moved to governmental activities from business-type activities as of July 1, 2022:	
Water SDC	\$ 1,055,001
Sewer SDC	701,749
Storm Water SDC	41,853
<i>Net change in beginning net position</i>	<u>\$ 1,798,603</u>
The following government funds were consolidated as of July 1, 2022:	
General	\$ 1,307,782
Internal Service	(4,944)
Bond Debt	4
Special Assessment	4,625
<i>Total General Fund as of July 1, 2022</i>	<u>\$ 1,307,467</u>
Public Safety	\$ 3,198,136
Narcotic Enforcement	58,956
<i>Total Public Safety Fund as of July 1, 2022</i>	<u>\$ 3,257,092</u>
Path Program	\$ 968,680
Weddle Bridge	5,016
Special Events	5,359
Public Transit Grant	(36,700)
<i>Total City Enhancement Fund as of July 1, 2022</i>	<u>\$ 942,355</u>
Project/Equip Reserve	\$ 1,374,232
Building Reserve	(537,698)
<i>Total Reserve Fund as of July 1, 2022</i>	<u>\$ 836,534</u>

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes and assessments	\$ 783,000	\$ 783,000	\$ 809,464	\$ 26,464
Licenses and permits	837,000	837,000	983,268	146,268
Charges for services	662,000	662,000	550,080	(111,920)
Intergovernmental	1,689,000	1,689,000	1,752,099	63,099
Fines and forfeitures	224,000	224,000	184,238	(39,762)
Miscellaneous	250,000	250,000	602,488	352,488
<i>Total Revenues</i>	<u>4,445,000</u>	<u>4,445,000</u>	<u>4,881,637</u>	<u>436,637</u>
EXPENDITURES				
Current				
Administration	624,500	625,000	590,514	34,486
Council	25,000	25,000	5,609	19,391
Community and economic development	791,000	791,000	781,145	9,855
Finance	525,000	525,000	443,464	81,536
Court	297,500	297,000	322,822	(25,822)
Parks	990,000	990,000	984,091	5,909
General services	521,000	521,000	515,272	5,728
Capital outlay	220,000	220,000	-	220,000
Contingency	1,417,000	1,417,000	-	1,417,000
<i>Total Expenditures</i>	<u>5,411,000</u>	<u>5,411,000</u>	<u>3,642,917</u>	<u>1,768,083</u>
NET CHANGE IN FUND BALANCE	(966,000)	(966,000)	1,238,720	2,204,720
FUND BALANCE, beginning of year	1,770,000	1,770,000	1,307,464	(462,536)
FUND BALANCE, end of year	<u>\$ 804,000</u>	<u>\$ 804,000</u>	<u>\$ 2,546,184</u>	<u>\$ 1,742,184</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC SAFETY FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes and assessments	\$ 3,570,000	\$ 3,570,000	\$ 3,283,758	\$ (286,242)
Licenses and permits	1,000	1,000	2,176	1,176
Intergovernmental	-	-	896	896
Miscellaneous	50,000	50,000	50,002	2
<i>Total Revenues</i>	<u>3,621,000</u>	<u>3,621,000</u>	<u>3,336,832</u>	<u>(284,168)</u>
EXPENDITURES				
Police department				
Personnel services	2,450,500	2,450,500	2,368,708	81,792
Materials and services	558,500	558,500	584,368	(25,868)
Capital outlay	300,000	300,000	65,922	234,078
Contingency	725,000	725,000	-	725,000
<i>Total Expenditures</i>	<u>4,034,000</u>	<u>4,034,000</u>	<u>3,018,998</u>	<u>1,015,002</u>
NET CHANGE IN FUND BALANCE	<u>(413,000)</u>	<u>(413,000)</u>	<u>317,834</u>	<u>730,834</u>
FUND BALANCE, beginning of year	<u>3,400,000</u>	<u>3,400,000</u>	<u>3,257,092</u>	<u>(142,908)</u>
FUND BALANCE, end of year	<u>\$ 2,987,000</u>	<u>\$ 2,987,000</u>	<u>\$ 3,574,926</u>	<u>\$ 587,926</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 830,000	\$ 830,000	\$ 786,041	\$ (43,959)
Miscellaneous	5,000	5,000	9,656	4,656
<i>Total Revenues</i>	835,000	835,000	795,697	(39,303)
EXPENDITURES				
Transportation				
Personnel services	313,500	313,500	310,737	2,763
Materials and services	166,500	166,500	199,915	(33,415)
Capital outlay	800,000	800,000	512,743	287,257
Contingency	67,000	67,000	-	67,000
<i>Total Expenditures</i>	1,347,000	1,347,000	1,023,395	323,605
NET CHANGE IN FUND BALANCE	(512,000)	(512,000)	(227,698)	284,302
FUND BALANCE, beginning of year	740,000	740,000	547,210	(192,790)
FUND BALANCE, end of year	\$ 228,000	\$ 228,000	\$ 319,512	\$ 91,512

CITY OF SWEET HOME, OREGON

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- OREGON
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<i>Proportion of the Net Pension Liability (Asset)</i>	<i>Proportionate Share of the Net Pension Liability (Asset)</i>	<i>Covered Payroll</i>	<i>Proportionate Share of the NPL(A) as % of its Covered Employee Payroll</i>	<i>Plan Fiduciary Net Position as % of the Total Pension Liability</i>
2023	0.0102%	\$ 1,561,508	1,112,487	140.4%	84.5%
2022	0.0107%	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%	-	935,590	0.0%	103.6%
2015	0.0000%	-	859,981	0.0%	103.6%
2014	0.0000%	-	763,360	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 TEN FISCAL YEARS**

	<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>
2023	\$ 115,782	\$ (115,782)	\$ -	\$ 1,112,487	12.35%
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 SIX FISCAL YEARS¹**

	Service cost	Interest on total OPEB liability	Effect of economic/demographic gains or (losses)	Effect of assumption change or inputs	Benefit payments	Net change in total OPEB liability	Net OPEB liability, beginning	Net OPEB liability, ending	Covered payroll	Total OPEB liability as a % of covered payroll
2023	\$ 23,448	\$ 5,640	\$ (102,143)	\$ (29,745)	\$ (7,316)	\$ (110,116)	\$ 241,281	\$ 131,165	\$ 1,112,487	11.8%
2022	22,757	5,349	-	1,144	(14,451)	14,799	226,482	241,281	813,732	29.7%
2021	18,485	9,960	(54,963)	(2,018)	(21,969)	(50,505)	276,987	226,482	3,377,811	6.7%
2020	16,410	10,382	-	8,173	(19,497)	15,468	261,519	276,987	3,365,364	8.2%
2019	15,436	7,272	44,767	12,283	(11,750)	68,008	193,511	261,519	3,092,386	8.5%
2018	16,475	5,805	-	(11,880)	(8,141)	2,259	191,252	193,511	3,087,862	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 SEVEN 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>
2023	0.0073%	\$ (25,969)	\$ 1,112,487	-4.0%	194.6%
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 SEVEN FISCAL YEARS¹**

	<u>Contractually Required Contributions</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as % of Covered Payroll</u>
2023	\$ 180	\$ (180)	\$ -	\$ 1,112,487	0.03%
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, 2023

	Special Revenue				Capital Projects
	Library Local Option Levy	Community Center	Community Enhancement	Economic Development	Water SDC
ASSETS					
Cash and investments	\$ 622,401	\$ 26,042	\$ 896,707	\$ 242,756	\$ 1,024,096
Property taxes receivable	24,314	-	-	-	-
Assessment liens receivable	-	-	-	-	19,488
Loans receivable	-	-	-	425,308	-
Accounts receivable	-	-	-	-	37,056
Total Assets	\$ 646,715	\$ 26,042	\$ 896,707	\$ 668,064	\$ 1,080,640
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 16,480	\$ 2,252	\$ 525	\$ -	\$ -
Accrued payroll and payroll liabilities	4,112	-	-	-	-
Total Liabilities	20,592	2,252	525	-	-
Deferred Inflows of Resources					
Unavailable revenue	24,314	-	-	425,308	19,488
Fund Balance:					
Restricted for:					
Community development	-	23,790	896,182	242,756	-
Library	601,809	-	-	-	-
Capital outlay	-	-	-	-	1,061,152
Committed to:					
Capital outlay	-	-	-	-	-
Total Fund Balance	601,809	\$ 23,790	896,182	242,756	1,061,152
Total Liabilities , Deferred Inflows of Resources, and Fund Balance	\$ 646,715	\$ 26,042	\$ 896,707	\$ 668,064	\$ 1,080,640

CITY OF SWEET HOME, OREGON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2023

	<u>Capital Projects</u>					<u>Total</u>
	<u>Sewer SDC</u>	<u>Storm SDC</u>	<u>Transportation SDC</u>	<u>Parks SDC</u>	<u>Reserve Fund</u>	
ASSETS						
Cash and investments	\$ 853,309	\$ 67,503	\$ 1,350,193	\$ 135,433	\$ 1,513,520	\$ 6,731,960
Property taxes receivable	-	-	-	-	-	24,314
Assessment liens receivable	13,333	-	-	-	-	32,821
Loans receivable	-	-	-	-	-	425,308
Accounts receivable	184	-	141	-	-	37,381
Total Assets	\$ 866,826	\$ 67,503	\$ 1,350,334	\$ 135,433	\$ 1,513,520	\$ 7,251,784
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 12,142	\$ -	\$ 31,399
Due to other funds	-	-	-	-	-	4,112
Total Liabilities	-	-	-	12,142	-	35,511
Deferred Inflows of Resources						
Unavailable revenue	13,333	-	-	-	-	482,443
Fund Balance:						
Restricted for:						
Community development	-	-	-	-	-	1,162,728
Library	-	-	-	-	-	601,809
Capital outlay	853,493	67,503	1,350,334	123,291	-	3,455,773
Committed to:						
Capital outlay	-	-	-	-	1,513,520	1,513,520
Total Fund Balance	853,493	67,503	1,350,334	123,291	1,513,520	6,733,830
Total Liabilities , Deferred Inflows of Resources, and Fund Balance	\$ 866,826	\$ 67,503	\$ 1,350,334	\$ 135,433	\$ 1,513,520	\$ 7,251,784

CITY OF SWEET HOME, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue				Capital Projects
	Library Local Option Levy	Community Center	Community Enhancement	Economic Development	Water SDC
REVENUES					
Taxes and assessments	\$ 606,123	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	150,850
Charges for services	-	36,401	-	-	-
Intergovernmental	9,020	-	219,242	-	-
Fines and forfeitures	4,638	-	-	-	-
Miscellaneous	19,027	-	2,788	19,810	967
<i>Total Revenues</i>	<u>638,808</u>	<u>36,401</u>	<u>222,030</u>	<u>19,810</u>	<u>151,817</u>
EXPENDITURES					
Current					
Library	505,268	-	-	-	-
Community development	-	-	-	51,424	-
Community center	-	-	268,203	-	-
Transportation	-	17,593	-	-	-
Capital outlay	20,000	-	-	-	-
<i>Total Expenditures</i>	<u>525,268</u>	<u>17,593</u>	<u>268,203</u>	<u>51,424</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	113,540	18,808	(46,173)	(31,614)	151,817
FUND BALANCE, beginning of year	488,269	4,982	942,355	274,370	909,335
FUND BALANCE, end of year	<u>\$ 601,809</u>	<u>\$ 23,790</u>	<u>\$ 896,182</u>	<u>\$ 242,756</u>	<u>\$ 1,061,152</u>

CITY OF SWEET HOME, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2023**

	<i>Capital Projects</i>					
	<i>Sewer SDC</i>	<i>Storm SDC</i>	<i>Transportation SDC</i>	<i>Parks SDC</i>	<i>Reserve Fund</i>	<i>Total</i>
REVENUES						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 606,123
Licenses and permits	83,464	25,652	185,832	18,518	-	464,316
Charges for services	-	-	-	-	-	36,401
Intergovernmental	-	-	-	-	-	228,262
Fines and forfeitures	-	-	-	-	-	4,638
Miscellaneous	2,624	-	29	-	676,986	722,231
<i>Total Revenues</i>	<u>86,088</u>	<u>25,652</u>	<u>185,861</u>	<u>18,518</u>	<u>676,986</u>	<u>2,061,971</u>
EXPENDITURES						
Current						
Library	-	-	-	-	-	505,268
Community development	-	-	-	-	-	51,424
Community center	-	-	-	-	-	268,203
Transportation	-	-	-	-	-	17,593
Capital outlay	1,800	-	-	11,618	-	33,418
<i>Total Expenditures</i>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>11,618</u>	<u>-</u>	<u>875,906</u>
NET CHANGE IN FUND BALANCE	84,288	25,652	185,861	6,900	676,986	1,186,065
FUND BALANCE, beginning of year	769,205	41,851	1,164,473	116,391	836,534	5,547,765
FUND BALANCE, end of year	<u>\$ 853,493</u>	<u>\$ 67,503</u>	<u>\$ 1,350,334</u>	<u>\$ 123,291</u>	<u>\$ 1,513,520</u>	<u>\$ 6,733,830</u>

CITY OF SWEET HOME, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes and assessments	\$ 585,000	\$ 585,000	\$ 606,123	\$ 21,123
Intergovernmental	10,000	10,000	9,020	(980)
Fines and forfeitures	4,000	4,000	4,638	638
Miscellaneous	9,000	9,000	19,027	10,027
<i>Total Revenues</i>	608,000	608,000	638,808	30,808
EXPENDITURES				
Library				
Personal services	261,000	261,000	265,273	(4,273)
Materials and services	225,100	225,100	239,995	(14,895)
Capital outlay	4,900	4,900	20,000	(15,100)
Contingency	120,000	120,000	-	120,000
<i>Total Expenditures</i>	611,000	611,000	525,268	85,732
NET CHANGE IN FUND BALANCE	(3,000)	(3,000)	113,540	(54,924)
FUND BALANCE, beginning of year	772,000	772,000	488,269	(283,731)
FUND BALANCE, end of year	\$ 769,000	\$ 769,000	\$ 601,809	\$ (338,655)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMMUNITY CENTER FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 36,401	\$ 6,401
<i>Total Revenues</i>	30,000	30,000	36,401	12,802
EXPENDITURES				
Community center				
Materials and services	28,000	28,000	17,593	10,407
<i>Total Expenditures</i>	28,000	28,000	17,593	10,407
NET CHANGE IN FUND BALANCE	2,000	2,000	18,808	23,209
FUND BALANCE, beginning of year	11,000	11,000	4,982	(6,018)
FUND BALANCE, end of year	\$ 13,000	\$ 13,000	\$ 23,790	\$ 17,191

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMMUNITY ENHANCEMENT FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 103,000	\$ 103,000	\$ 219,242	\$ 116,242
Miscellaneous	1,000	1,000	2,788	1,788
<i>Total Revenues</i>	104,000	104,000	222,030	118,030
EXPENDITURES				
Community enhancement				
Path Program - materials and services	730,000	730,000	104,175	625,825
Path Program - capital outlay	200,000	200,000	-	200,000
Special events	6,300	6,300	5,686	614
Public transit	103,000	103,000	158,342	(55,342)
Weddle Bridge	5,000	5,000	-	5,000
Pool	1,000	1,000	-	1,000
<i>Total Expenditures</i>	1,045,300	1,045,300	268,203	777,097
NET CHANGE IN FUND BALANCE	(941,300)	(941,300)	(46,173)	895,127
FUND BALANCE, beginning of year	941,300	941,300	942,355	1,055
FUND BALANCE, end of year	\$ -	\$ -	\$ 896,182	\$ 896,182

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 19,810	\$ 19,810
<i>Total Revenues</i>	-	-	19,810	19,810
EXPENDITURES				
Community development	255,000	255,000	51,424	203,576
<i>Total Expenditures</i>	255,000	255,000	51,424	203,576
NET CHANGE IN FUND BALANCE	(255,000)	(255,000)	(31,614)	(183,766)
FUND BALANCE, beginning of year	255,000	255,000	274,370	19,370
FUND BALANCE, end of year	\$ -	\$ -	\$ 242,756	\$ (164,396)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER SDC FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 130,000	\$ 130,000	\$ 150,850	\$ 20,850
Miscellaneous	-	-	967	967
<i>Total Revenues</i>	130,000	130,000	151,817	21,817
EXPENDITURES				
Water SDC				
Operations	350,000	350,000	-	350,000
Capital outlay	685,000	685,000	-	685,000
<i>Total Expenditures</i>	1,035,000	1,035,000	-	1,035,000
NET CHANGE IN FUND BALANCE	(905,000)	(905,000)	151,817	(1,013,183)
FUND BALANCE, beginning of year	905,000	905,000	909,335	4,335
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,061,152	\$ (1,008,848)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER SDC FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 90,000	\$ 90,000	\$ 83,464	\$ (6,536)
Miscellaneous	-	-	2,624	2,624
<i>Total Revenues</i>	90,000	90,000	86,088	(3,912)
EXPENDITURES				
Sewer SDC				
Operations	355,000	355,000	1,800	353,200
Capital outlay	500,000	500,000	-	500,000
<i>Total Expenditures</i>	855,000	855,000	1,800	853,200
NET CHANGE IN FUND BALANCE	(765,000)	(765,000)	84,288	(849,288)
FUND BALANCE, beginning of year	765,000	765,000	769,205	(4,205)
FUND BALANCE, end of year	\$ -	\$ -	\$ 853,493	\$ (853,493)

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, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 25,652	\$ (4,348)
<i>Total Revenues</i>	30,000	30,000	25,652	(4,348)
EXPENDITURES				
Storm Water SDC				
Operations	20,000	20,000	-	20,000
Capital outlay	50,000	50,000	-	50,000
<i>Total Expenditures</i>	70,000	70,000	-	70,000
NET CHANGE IN FUND BALANCE	(40,000)	(40,000)	25,652	(65,652)
FUND BALANCE, beginning of year	40,000	40,000	41,851	(1,851)
FUND BALANCE, end of year	\$ -	\$ -	\$ 67,503	\$ (67,503)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSPORTATION SDC FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 250,000	\$ 250,000	\$ 185,832	\$ (64,168)
Miscellaneous	-	-	29	29
<i>Total Revenues</i>	250,000	250,000	185,861	(64,139)
EXPENDITURES				
Transportation SDC				
Operations	600,000	600,000	-	600,000
Capital outlay	815,000	815,000	-	815,000
<i>Total Expenditures</i>	1,415,000	1,415,000	-	1,415,000
NET CHANGE IN FUND BALANCE	(1,165,000)	(1,165,000)	185,861	(1,350,861)
FUND BALANCE, beginning of year	1,165,000	1,165,000	1,164,473	527
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,350,334	\$ (1,350,334)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -PARKS SDC FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 18,518	\$ (1,482)
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	20,000	20,000	18,518	(1,482)
EXPENDITURES				
Parks SDC				
Operations	50,000	50,000	11,618	38,382
Capital outlay	85,000	85,000	-	85,000
<i>Total Expenditures</i>	135,000	135,000	11,618	123,382
NET CHANGE IN FUND BALANCE	(115,000)	(115,000)	6,900	(121,900)
FUND BALANCE, beginning of year	115,000	115,000	116,391	(1,391)
FUND BALANCE, end of year	\$ -	\$ -	\$ 123,291	\$ (123,291)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - RESERVE FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 676,986	\$ 671,986
<i>Total Revenues</i>	5,000	5,000	676,986	671,986
EXPENDITURES				
Capital outlay	-	-	-	-
<i>Total Expenditures</i>	-	-	-	-
NET CHANGE IN FUND BALANCE	5,000	5,000	676,986	(671,986)
FUND BALANCE, beginning of year	760,000	760,000	836,534	(76,534)
FUND BALANCE, end of year	\$ 765,000	\$ 765,000	\$ 1,513,520	\$ (748,520)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 2,540,000	\$ 2,540,000	\$ 2,671,343	\$ 131,343
Fines and forfeitures	20,000	20,000	11,302	(8,698)
Miscellaneous	35,000	35,000	40,408	5,408
<i>Total Revenues</i>	2,595,000	2,595,000	2,723,053	128,053
EXPENDITURES				
Operations	1,994,000	1,994,000	2,194,116	(200,116)
Debt service	660,000	660,000	403,774	256,226
Contingency	210,000	210,000	-	210,000
<i>Total Expenditures</i>	2,864,000	2,864,000	2,597,890	266,110
NET CHANGE IN FUND BALANCE	(269,000)	(269,000)	125,163	394,163
FUND BALANCE, beginning of year	2,596,000	2,596,000	2,462,113	(133,887)
FUND BALANCE, end of year	\$ 2,327,000	\$ 2,327,000	\$ 2,587,276	\$ 260,276

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

NET CHANGE IN FUND BALANCE	\$ 125,163
Change in inventories	(4,178)
Change in interfund loan receivable	(600,794)
Depreciation and amortization	(336,335)
Capitalized expenses, net	617,505
Change in compensated absences	(9,632)
Change in long-term debt	294,857
Change in accrued interest	1,049
Pension expense related to OPEB	2,163
CHANGE IN FUND NET POSITION	\$ 89,798

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 2,800,000	\$ 2,800,000	\$ 2,967,551	\$ 167,551
Taxes and assessments	31,000	31,000	34,850	3,850
Intergovernmental	8,200,000	8,200,000	6,162,321	(2,037,679)
Miscellaneous	15,000	15,000	13,075	(1,925)
Total Revenues	11,046,000	11,046,000	9,177,797	(1,868,203)
EXPENDITURES				
Operations	9,361,000	9,361,000	7,442,117	1,918,883
Debt service	560,000	560,000	748,200	(188,200)
Contingency	450,000	450,000	-	450,000
Total Expenditures	10,371,000	10,371,000	8,190,317	2,180,683
NET CHANGE IN FUND BALANCE	675,000	675,000	987,480	312,480
FUND BALANCE, beginning of year	3,350,000	3,350,000	3,405,079	55,079
FUND BALANCE, end of year	\$ 4,025,000	\$ 4,025,000	\$ 4,392,559	\$ 367,559

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

NET CHANGE IN FUND BALANCE	\$ 987,480
Change in inventories	(5,013)
Depreciation and amortization	(391,234)
Capitalized expenses, net	5,154,879
Change in compensated absences	11
Change in long-term debt	660,000
Change in accrued interest	1,444
Pension expense related to OPEB	(2,079)
CHANGE IN FUND NET POSITION	\$ 6,405,488

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER FUND
YEAR ENDED JUNE 30, 2023**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 160,000	\$ 160,000	\$ 196,060	\$ 36,060
Miscellaneous	3,000	3,000	3,000	-
<i>Total Revenues</i>	163,000	163,000	199,060	36,060
EXPENDITURES				
Operations	262,000	262,000	122,212	139,788
Contingency	30,000	30,000	-	30,000
<i>Total Expenditures</i>	292,000	292,000	122,212	169,788
NET CHANGE IN FUND BALANCE	(129,000)	(129,000)	76,848	205,848
FUND BALANCE, beginning of year	394,000	394,000	380,496	(13,504)
FUND BALANCE, end of year	\$ 265,000	\$ 265,000	\$ 457,344	\$ 192,344

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

NET CHANGE IN FUND BALANCE	\$ 76,848
Depreciation and amortization	(19)
Capitalized expenses, net	(167)
Pension expense related to OPEB	(605)
CHANGE IN FUND NET POSITION	\$ 76,057

COMPLIANCE SECTION

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, 2023, and have issued our report thereon dated October 31, 2025.

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.
 - 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 October 31, 2025.

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
October 31, 2025