



City of Sweet Home, Oregon

*Financial Statements, Supplementary Information,
and
Independent Auditor's Report
June 30, 2024*

redw
Advisors & CPAs

City of Sweet Home, Oregon

City Officials

June 30, 2024

Mayor

Susan Coleman, Mayor

Term Expires

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

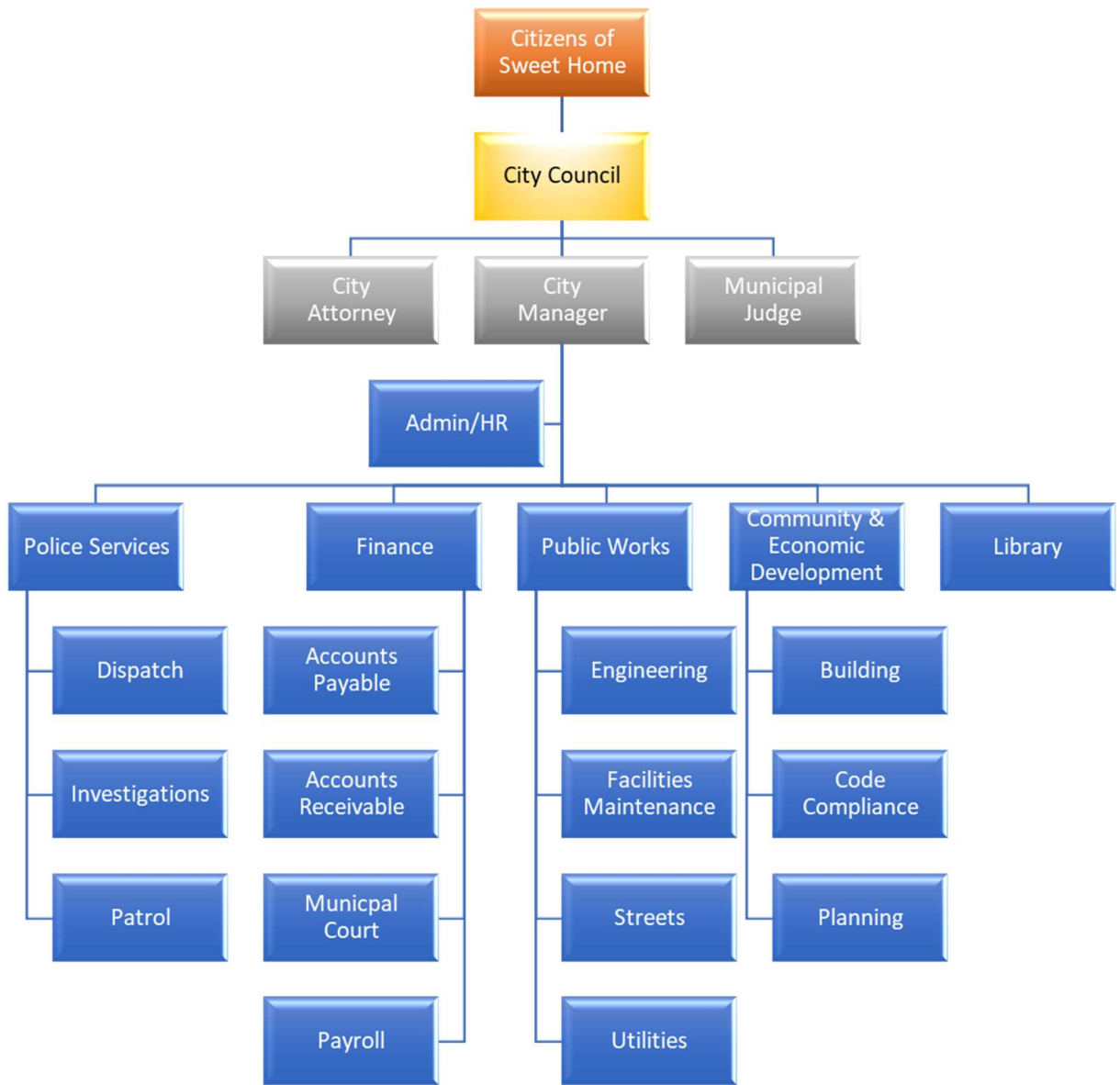
Mailing Address

City Hall

3225 Main Street

Sweet Home, Oregon 97386

(541) 367-5128



City of Sweet Home, Oregon

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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 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 (the "City") as of and for the year ended June 30, 2024, 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 accompanying financial statements 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, 2024, 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). 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 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 the purpose of additional analysis and is not a required part of the basic financial statements.

The other 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 other supplementary information 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 May 11, 2026, 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 solely 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
May 11, 2026

City of Sweet Home, Oregon
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

This discussion and analysis present the highlights of financial activities and financial position for the City of Sweet Home, Oregon (the “City”). 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,			
	2024	2023	Change
Net position	\$ 53,791	\$ 51,041	\$ 2,750
Change in net position	2,750	8,161	(5,411)
Governmental activities net position	23,001	22,985	16
Business-type activities net position	30,790	28,056	2,734
Change in governmental net position	16	1,590	(1,574)
Change in business-type net position	2,734	6,571	(3,837)

Overall, the City’s net position increased \$2,750 thousand (or 5%). 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 Storm Water.

REPORT LAYOUT

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

Independent Auditor’s Report – This section outlines the overview of the entire audit and states most importantly what opinion is given on the financial statements.

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.

City of Sweet Home, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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.

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.

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 Basic Financial Statements section of the report.

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

	2024			2023			Change		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 14,710	\$ 8,548	\$ 23,258	\$ 13,664	\$ 10,281	\$ 23,945	\$ 1,046	\$ (1,733)	\$ (687)
Other assets	917	714	1,631	1,013	740	1,753	(96)	(26)	(122)
Capital assets	10,760	33,560	44,320	11,319	32,690	44,009	(559)	870	311
Total assets	26,387	42,822	69,209	25,996	43,711	69,707	391	(889)	(498)
Deferred outflows of resources	879	4	883	663	4	667	216	-	216
Other liabilities	1,049	1,060	2,109	832	3,563	4,395	217	(2,503)	(2,286)
Long-term liabilities	2,615	10,949	13,564	1,938	12,072	14,010	677	(1,123)	(446)
Total liabilities	3,664	12,009	15,673	2,770	15,635	18,405	894	(3,626)	(2,732)
Deferred inflows of resources	601	27	628	904	24	928	(303)	3	(300)
Net position									
Net investment in capital assets	10,718	22,693	33,411	11,295	20,674	31,969	(577)	2,019	1,442
Restricted	9,905	-	9,905	9,695	-	9,695	210	-	210
Unrestricted	2,378	8,097	10,475	1,995	7,382	9,377	383	715	1,098
Total net position	\$ 23,001	\$ 30,790	\$ 53,791	\$ 22,985	\$ 28,056	\$ 51,041	\$ 16	\$ 2,734	\$ 2,750

City of Sweet Home, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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 Basic Financial Statements section of the report.

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

	2024			2023			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	\$ 1,193	\$ 6,129	\$ 7,322	\$ 998	\$ 5,846	\$ 6,844	\$ 195	\$ 283	\$ 478
Operating grants and contributions	171	-	171	1,682	-	1,682	(1,511)	-	(1,511)
Capital grants and contributions	386	838	1,224	466	-	466	(80)	838	758
General Revenues									
Taxes and assessments	4,900	33	4,933	4,706	35	4,741	194	(2)	192
Other	4,295	64	4,359	2,811	6,219	9,030	1,484	(6,155)	(4,671)
Total revenues	10,945	7,064	18,009	10,663	12,100	22,763	282	(5,036)	(4,754)
Expenses									
Programs	10,929	4,330	15,259	9,674	4,928	14,602	1,255	(598)	657
Transfers	-	-	-	601	(601)	-	(601)	601	-
Change in net position	16	2,734	2,750	1,590	6,571	8,161	(1,574)	(3,837)	(5,411)
Beginning net position	22,985	28,056	51,041	19,596	23,284	42,880	3,389	4,772	8,161
Restatement	-	-	-	1,799	(1,799)	-	(1,799)	1,799	-
Beginning net position, restated	22,985	28,056	51,041	21,395	21,485	42,880	1,590	6,571	8,161
Ending net position	\$ 23,001	\$ 30,790	\$ 53,791	\$ 22,985	\$ 28,056	\$ 51,041	\$ 16	\$ 2,734	\$ 2,750

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. At the end of the fiscal year, the City saw the General Fund balance increase by \$786,969 from the previous fiscal year. This increase is primarily caused by interest income in the general fund of \$1.0 million during the year, which exceeded budgeted interest income by about \$851 thousand. Currently, the ending fund balance represents about 81% of the current year General Fund expenditures.

Public Safety Fund. The Public Safety Fund saw a decrease to ending fund balance by \$430,772. A decrease in the fund balance was budgeted in the current year and was caused primarily by capital outlay of \$394 thousand in the current year for police department facility upgrades and expenditures. Currently, the ending fund balance represents about 79% of the current year Police Fund's expenditures.

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 Storm Water (nonmajor).

City of Sweet Home, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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 \$932 thousand. This was primarily caused by charges for service during the year of \$2.7 million which was in excess of expenses in the fund which totaled just \$1.8 million.

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 \$1.7 million. The increase was primarily due to expenses being lower than charges for service in addition to \$838 thousand in capital contributions received during the year, which was related to a grant received from Oregon Business Development Department for the Wastewater Treatment Plant Upgrades project.

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 Basic Financial Statements section of the audit report.

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

Major Funds	2024		2023		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
General	\$ 3,333	24%	\$ 2,546	19%	\$ 787	31%
Public safety	3,144	23%	3,575	27%	(431)	(12%)
Non-major governmental funds	7,443	53%	7,053	54%	390	6%
Total fund balances	\$ 13,920	100%	\$ 13,174	100%	\$ 746	6%

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	2024		2023		Compared to Prior Year	
	Amount	%	Amount	%	Change	%
Water operations	\$ 5,713	18%	\$ 4,781	17%	\$ 932	19%
Sewer operations	24,544	80%	22,820	81%	1,724	8%
Non-major business-type funds	533	2%	456	2%	76	17%
Total fund net position	\$ 30,790	100%	\$ 28,057	100%	\$ 2,732	10%

City of Sweet Home, Oregon
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

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 necessary capital project improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was one supplemental budget in the general fund that increased appropriated expenditures and miscellaneous revenue in the general fund by \$650,000 each. This increase in appropriations for miscellaneous revenue and related expenditures was the result of a grant that was received from Community Services Consortium for the purpose of creating new shelter capacity and providing rapid re-housing services to the unsheltered within the City.

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) which was an increase of about \$311 thousand over 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	
	2024	2023	2024	2023	2024	2023
Land and improvements	\$ 3,534	\$ 3,534	\$ -	\$ -	\$ 3,534	\$ 3,534
Buildings	10,867	10,716	30,536	30,055	41,403	40,771
Equipment	2,258	2,147	1,197	834	3,455	2,981
Infrastructure	27,582	27,234	10,297	10,297	37,879	37,531
Construction in progress	489	489	17,489	16,616	17,978	17,105
Accumulated depreciation	(33,970)	(32,801)	(25,959)	(25,112)	(59,929)	(57,913)
Net capital assets	\$ 10,760	\$ 11,319	\$ 33,560	\$ 32,690	\$ 44,320	\$ 44,009

City of Sweet Home, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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 Basic Financial Statements section of the auditor report.

Table 6
Changes in Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
Beginning balance	\$	11,319	\$	32,690	\$	44,009
Additions		610		1,717		2,327
Depreciation		(1,169)		(847)		(2,016)
Ending balance	\$	<u>10,760</u>	\$	<u>33,560</u>	\$	<u>44,320</u>

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

LONG-TERM DEBT

The City's long-term debt is summarized below. More detailed information can be found in the debt section of the audit report.

Table 7
General Obligation Debt
June 30,
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
	Loans/leases	\$ 18	\$ 24	\$ 6,135	\$ 6,646	\$ 6,153
Bonds payable	-	-	4,185	4,800	4,185	4,800
Total	\$ 18	\$ 24	\$ 10,320	\$ 11,446	\$ 10,338	\$ 11,470

For the existing loans, final payments range from 2024 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.

City of Sweet Home, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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 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

Government-Wide Financial Statements

City of Sweet Home, Oregon
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 14,710,060	\$ 8,547,975	\$ 23,258,035
Accounts receivable	292,352	617,646	909,998
Property taxes receivable	218,642	-	218,642
Assessment liens receivable	139,651	-	139,651
Loans receivable	239,838	-	239,838
Inventories	-	96,168	96,168
Net OPEB asset	26,249	-	26,249
Nondepreciable capital assets	4,023,062	17,489,160	21,512,222
Depreciable capital assets, net	6,737,397	16,071,143	22,808,540
Total assets	<u>26,387,251</u>	<u>42,822,092</u>	<u>69,209,343</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	859,829	-	859,829
Deferred outflows related to OPEB	19,270	4,358	23,628
Total deferred outflows	<u>879,099</u>	<u>4,358</u>	<u>883,457</u>
Liabilities			
Accounts payable	714,232	757,398	1,471,630
Accrued payroll liabilities	334,264	34,935	369,199
Deposits payable	1,112	225,434	226,546
Accrued interest payable	-	42,587	42,587
Due within one year			
Long-term debt	6,498	1,181,076	1,187,574
Right to use - lease liability	10,498	38,663	49,161
Accrued compensated absences	223,033	51,019	274,052
Due in more than one year			
Long-term debt, net of premiums	10,996	9,578,313	9,589,309
OPEB Liability	122,096	30,097	152,193
Net pension liability	2,227,762	-	2,227,762
Right to use - lease liability	14,307	68,987	83,294
Total liabilities	<u>3,664,798</u>	<u>12,008,509</u>	<u>15,673,307</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	488,196	-	488,196
Deferred inflows related to OPEB	112,512	27,502	140,014
Total deferred inflows of resources	<u>600,708</u>	<u>27,502</u>	<u>628,210</u>
Net Position			
Net investment in capital assets	10,718,160	22,693,264	33,411,424
Restricted for			
Public safety	3,305,752	-	3,305,752
Construction	4,141,991	-	4,141,991
Community development	1,855,465	-	1,855,465
Library	575,622	-	575,622
Net OPEB asset	26,249	-	26,249
Unrestricted	<u>2,377,605</u>	<u>8,097,175</u>	<u>10,474,780</u>
Total net position	<u>\$ 23,000,844</u>	<u>\$ 30,790,439</u>	<u>\$ 53,791,283</u>

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

City of Sweet Home, Oregon
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Functions/Programs							
Governmental activities							
General government	\$ 3,429,342	\$ 938,185	\$ -	\$ -	\$ (2,491,157)	\$ -	\$ (2,491,157)
Public safety	3,750,690	184,371	2,000	-	(3,564,319)	-	(3,564,319)
Library	728,335	4,261	30,120	-	(693,954)	-	(693,954)
Parks	1,814,229	-	-	19,552	(1,794,677)	-	(1,794,677)
Community development	476,536	50,341	138,514	258,770	(28,911)	-	(28,911)
Transportation	729,670	15,660	-	107,183	(606,827)	-	(606,827)
Total governmental activities	<u>10,928,802</u>	<u>1,192,818</u>	<u>170,634</u>	<u>385,505</u>	<u>(9,179,845)</u>	<u>-</u>	<u>(9,179,845)</u>
Business-type activities							
Water	1,863,101	2,740,573	-	-	-	877,472	877,472
Sewer	2,299,233	3,148,166	-	837,679	-	1,686,612	1,686,612
Storm water	168,244	240,663	-	-	-	72,419	72,419
Total business-type activities	<u>4,330,578</u>	<u>6,129,402</u>	<u>-</u>	<u>837,679</u>	<u>-</u>	<u>2,636,503</u>	<u>2,636,503</u>
Total activities	<u>\$ 15,259,380</u>	<u>\$ 7,322,220</u>	<u>\$ 170,634</u>	<u>\$ 1,223,184</u>	<u>(9,179,845)</u>	<u>2,636,503</u>	<u>(6,543,342)</u>
General Revenues							
Property taxes					4,900,331	33,391	4,933,722
Franchise taxes					822,370	-	822,370
Intergovernmental					1,537,357	-	1,537,357
Miscellaneous					1,935,756	63,448	1,999,204
Total general revenues					<u>9,195,814</u>	<u>96,839</u>	<u>9,292,653</u>
Change in net position					15,969	2,733,342	2,749,311
Net position - beginning of year					<u>22,984,875</u>	<u>28,057,097</u>	<u>51,041,972</u>
Net position - end of year					<u>\$ 23,000,844</u>	<u>\$ 30,790,439</u>	<u>\$ 53,791,283</u>

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

Fund Financial Statements

City of Sweet Home, Oregon
Balance Sheet - Governmental Funds
June 30, 2024

		<u>Special Revenue</u>			
	<u>General</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total</u>	
Assets					
Cash and investments	\$ 4,088,063	\$ 3,224,664	\$ 7,397,333	\$ 14,710,060	
Accounts receivable	1,490,599	-	109,670	1,600,269	
Property taxes receivable	32,971	161,598	24,073	218,642	
Assessment liens receivable	59,237	-	80,414	139,651	
Loans receivable	-	-	239,838	239,838	
Total assets	\$ 5,670,870	\$ 3,386,262	\$ 7,851,328	\$ 16,908,460	
 Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 615,412	\$ 42,159	\$ 56,661	\$ 714,232	
Accrued payroll liabilities	288,344	38,351	7,569	334,264	
Deposits payable	1,112	-	-	1,112	
Total liabilities	904,868	80,510	64,230	1,049,608	
Deferred inflows of resources					
Unavailable revenue	1,432,849	161,598	344,324	1,938,771	
Fund balance					
Restricted for					
Public safety	-	3,144,154	-	3,144,154	
Community development	-	-	1,599,967	1,599,967	
Library	-	-	551,550	551,550	
Capital outlay	-	-	3,804,900	3,804,900	
Committed to					
Capital outlay	-	-	1,486,357	1,486,357	
Unassigned	3,333,153	-	-	3,333,153	
Total fund balance	3,333,153	3,144,154	7,442,774	13,920,081	
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,670,870	\$ 3,386,262	\$ 7,851,328	\$ 16,908,460	

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, 2024

Fund Balances \$ 13,920,081

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.

Unavailable revenues	1,938,771
Court receivables, net of allowance	(1,307,917)

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.

Cost	44,730,293
Accumulated depreciation	(33,969,834)

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.

Long-term debt	(42,299)
Accrued compensated absences	(223,033)
Net pension liability	(2,227,762)
Net OPEB liability	(95,847)

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.

Deferred outflows of resources	879,099
Deferred inflows of resources	(600,708)

Net Position of Governmental Activities \$ 23,000,844

City of Sweet Home, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2024

	<u>Special Revenue</u>			<u>Total</u>
	<u>General Fund</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	
Revenues				
Taxes and assessments	\$ 860,915	\$ 3,414,606	\$ 633,035	\$ 4,908,556
Licenses and permits	986,295	-	353,572	1,339,867
Charges for services	714,735	-	50,342	765,077
Intergovernmental	422,466	2,000	1,376,646	1,801,112
Fines and forfeitures	184,371	-	4,261	188,632
Miscellaneous	1,733,040	136,356	86,616	1,956,012
Total revenues	<u>4,901,822</u>	<u>3,552,962</u>	<u>2,504,472</u>	<u>10,959,256</u>
Expenditures				
Current				
General government	2,460,673	-	-	2,460,673
Library	-	-	728,972	728,972
Parks	435,902	-	-	435,902
Community development	871,397	-	516,799	1,388,196
Public safety	341,881	3,590,056	-	3,931,937
Transportation	-	-	718,774	718,774
Capital outlay	-	393,678	155,496	549,174
Total expenditures	<u>4,109,853</u>	<u>3,983,734</u>	<u>2,120,041</u>	<u>10,213,628</u>
Revenues over (under) expenditures	<u>791,969</u>	<u>(430,772)</u>	<u>384,431</u>	<u>745,628</u>
Other Financing Sources (Uses)				
Transfers in	-	-	313,000	313,000
Transfers out	(5,000)	-	(308,000)	(313,000)
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	786,969	(430,772)	389,431	745,628
Fund balance, beginning of year	2,546,184	3,574,926	7,053,343	13,174,453
Fund balance, end of year	<u>\$ 3,333,153</u>	<u>\$ 3,144,154</u>	<u>\$ 7,442,774</u>	<u>\$ 13,920,081</u>

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
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 745,628

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. (14,484)

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. (16,947)

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 610,371
 Depreciation (1,158,188)

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.

Capital and right to use leased assets paid 6,498

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. (156,909)

Change in Net Position of Governmental Activities \$ 15,969

City of Sweet Home, Oregon
Statement of Fund Net Position - Proprietary Funds
June 30, 2024

	Water Operations	Sewer Operations	Nonmajor Storm Water Operations	Total
Assets				
Current assets				
Cash and investments	\$ 3,297,007	\$ 4,734,502	\$ 516,466	\$ 8,547,975
Accounts receivable	228,535	361,635	27,476	617,646
Inventories	68,802	27,366	-	96,168
Total current assets	<u>3,594,344</u>	<u>5,123,503</u>	<u>543,942</u>	<u>9,261,789</u>
Noncurrent assets				
Nondepreciable capital assets	-	17,489,160	-	17,489,160
Depreciable capital assets, net	8,861,754	7,209,389	-	16,071,143
Total noncurrent assets	<u>8,861,754</u>	<u>24,698,549</u>	<u>-</u>	<u>33,560,303</u>
Total assets	<u>12,456,098</u>	<u>29,822,052</u>	<u>543,942</u>	<u>42,822,092</u>
Deferred Outflows of Resources				
Deferred outflows related to OPEB	<u>2,041</u>	<u>1,997</u>	<u>320</u>	<u>4,358</u>
Liabilities				
Current liabilities				
Accounts payable	38,686	718,335	377	757,398
Accrued payroll liabilities	22,668	12,267	-	34,935
Deposits payable	225,434	-	-	225,434
Accrued interest payable	33,210	9,377	-	42,587
Current portion of long-term liabilities				
Long-term debt	391,076	790,000	-	1,181,076
Right to use - lease liability	15,368	23,295	-	38,663
Accrued compensated absences	25,602	19,344	6,073	51,019
Total current liabilities	<u>752,044</u>	<u>1,572,618</u>	<u>6,450</u>	<u>2,331,112</u>
Noncurrent liabilities				
Long-term debt, net of premiums	5,932,021	3,646,292	-	9,578,313
Right to use - lease liability	34,148	34,839	-	68,987
OPEB liability	14,096	13,792	2,209	30,097
Total noncurrent liabilities	<u>5,980,265</u>	<u>3,694,923</u>	<u>2,209</u>	<u>9,677,397</u>
Total liabilities	<u>6,732,309</u>	<u>5,267,541</u>	<u>8,659</u>	<u>12,008,509</u>
Deferred Inflows of Resources				
Deferred inflows related to OPEB	<u>12,880</u>	<u>12,603</u>	<u>2,019</u>	<u>27,502</u>
Fund Net Position				
Net investment in capital assets	2,489,141	20,204,123	-	22,693,264
Unrestricted	3,223,809	4,339,782	533,584	8,097,175
Total fund net position	<u>\$ 5,712,950</u>	<u>\$ 24,543,905</u>	<u>\$ 533,584</u>	<u>\$ 30,790,439</u>

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
For the Year Ended June 30, 2024

	Water Operations	Sewer Operations	Nonmajor Storm Water Operations	Total
Operating Revenues				
Charges for services	\$ 2,740,573	\$ 3,148,166	\$ 240,663	\$ 6,129,402
Miscellaneous	<u>50,042</u>	<u>132</u>	<u>-</u>	<u>50,174</u>
Total operating revenues	<u>2,790,615</u>	<u>3,148,298</u>	<u>240,663</u>	<u>6,179,576</u>
Operating Expenses				
Personal services	697,837	660,922	106,032	1,464,791
Materials and services	694,489	1,107,753	62,212	1,864,454
Depreciation	349,070	456,564	-	805,634
Amortization	<u>18,006</u>	<u>23,296</u>	<u>-</u>	<u>41,302</u>
Total operating expenses	<u>1,759,402</u>	<u>2,248,535</u>	<u>168,244</u>	<u>4,176,181</u>
Operating income (loss)	<u>1,031,213</u>	<u>899,763</u>	<u>72,419</u>	<u>2,003,395</u>
Nonoperating Revenues (Expenses)				
Taxes and assessments	-	33,391	-	33,391
Investment revenue	4,036	4,238	5,000	13,274
Interest expense and amortization	<u>(103,699)</u>	<u>(50,698)</u>	<u>-</u>	<u>(154,397)</u>
Total nonoperating revenues (expenses)	<u>(99,663)</u>	<u>(13,069)</u>	<u>5,000</u>	<u>(107,732)</u>
Net income before contributions	931,550	886,694	77,419	1,895,663
Capital contributions	<u>-</u>	<u>837,679</u>	<u>-</u>	<u>837,679</u>
Change in fund net position	931,550	1,724,373	77,419	2,733,342
Fund net position, beginning of year	<u>4,781,400</u>	<u>22,819,532</u>	<u>456,165</u>	<u>28,057,097</u>
Fund net position, end of year	<u>\$ 5,712,950</u>	<u>\$ 24,543,905</u>	<u>\$ 533,584</u>	<u>\$ 30,790,439</u>

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

City of Sweet Home, Oregon
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2024

	Water Operations	Sewer Operations	Nonmajor Storm Water Operations	Totals
Cash flows from operating activities				
Collected from customers	\$ 2,860,316	\$ 3,140,558	\$ 234,097	\$ 6,234,971
Paid to suppliers	(1,119,583)	(3,193,145)	(89,083)	(4,401,811)
Paid to employees	<u>(703,284)</u>	<u>(635,723)</u>	<u>(97,230)</u>	<u>(1,436,237)</u>
Net cash provided by operating activities	<u>1,037,449</u>	<u>(688,310)</u>	<u>47,784</u>	<u>396,923</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(283,008)	(1,436,630)	-	(1,719,638)
Principal paid on long-term debt	(323,922)	(789,070)	-	(1,112,992)
Contribution of capital	-	837,679	-	837,679
Interest paid	<u>(100,752)</u>	<u>(47,931)</u>	<u>-</u>	<u>(148,683)</u>
Net cash provided by (used in) capital and related financing activities	<u>(707,682)</u>	<u>(1,435,952)</u>	<u>-</u>	<u>(2,143,634)</u>
Cash flows from investing activities				
Interest on investments	<u>4,036</u>	<u>4,238</u>	<u>5,000</u>	<u>13,274</u>
Net cash provided by investing activities	<u>4,036</u>	<u>4,238</u>	<u>5,000</u>	<u>13,274</u>
Increase in cash and investments	333,803	(2,120,024)	52,784	(1,733,437)
Cash and investments, beginning of year	<u>2,963,204</u>	<u>6,854,526</u>	<u>463,682</u>	<u>10,281,412</u>
Cash and investments, end of year	<u>\$ 3,297,007</u>	<u>\$ 4,734,502</u>	<u>\$ 516,466</u>	<u>\$ 8,547,975</u>
Reconciliation of operating income to cash flows from operating activities				
Operating income (loss)	\$ 1,031,213	\$ 899,763	\$ 72,419	\$ 2,003,395
Depreciation	349,070	456,564	-	805,634
Amortization	18,006	23,296	-	41,302
Change in assets and liabilities				
Accounts receivable	65,981	(7,738)	(6,566)	51,677
Deferred outflows	135	47	(189)	(7)
Inventories	(24,723)	(134)	-	(24,857)
Accounts payable and accrued liabilities	(400,371)	(2,085,260)	(26,871)	(2,512,502)
Customer deposits payable	3,720	-	-	3,720
Accrued compensated absences	(10,732)	19,263	6,073	14,604
OPEB liability	4,222	4,515	1,616	10,353
Deferred inflows	<u>928</u>	<u>1,374</u>	<u>1,302</u>	<u>3,604</u>
Net cash provided by operating activities	<u>\$ 1,037,449</u>	<u>\$ (688,310)</u>	<u>\$ 47,784</u>	<u>\$ 396,923</u>

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

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

1) 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. Nonmajor funds are consolidated into a single column within each fund type in the

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

financial section of the basic financial statements and are detailed in the other supplementary information. Internal service funds are reported in a single column in the proprietary fund financial statements.

Basis of Presentation

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

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.

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 nonmajor 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.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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.

The City reports the following nonmajor enterprise funds:

Storm Water Operations – 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.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

Definitions of Governmental Fund Types

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

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

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

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 fees, 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.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenses for the reporting period. 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.

City of Sweet Home, Oregon
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Inventory

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

Capital Assets

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

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

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

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net assets 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.

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 of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
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Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

Accrued Compensated Absences

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

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

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

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

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

2) Cash and Investments

Cash and investments are comprised of the following at June 30, 2024:

	Carrying Value	Fair Value
Cash		
Cash on hand	\$ 3,216	\$ 3,216
Deposits with financial institutions	510,159	510,159
Investments		
Local Government Investment Pool	18,419,327	18,419,327
Corporate bonds	579,374	579,374
Municipal bonds	280,312	280,312
Government agency securities - U.S.	190,939	190,939
U.S. treasury notes and bonds	2,985,147	2,985,147
Other	289,561	289,561
	\$ 23,258,035	\$ 23,258,035

Deposits

The book balance of the City’s bank deposits with various financial institutions was \$510,159 and the bank balance was \$513,710 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, 2024, \$263,710 of the City’s bank balances were covered by the PFCP.

City of Sweet Home, Oregon
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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, 2024, 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.

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.

City of Sweet Home, Oregon
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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, 2024, the City’s investments in corporate and municipal bonds are classified as level 2.

3) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

Governmental Activities

	Balances June 30, 2023	Increases	Decreases	Balances June 30, 2024
Nondepreciable Capital Assets				
Land and improvements	\$ 3,534,180	\$ -	\$ -	\$ 3,534,180
Construction in progress	488,882	-	-	488,882
Total nondepreciable capital assets	<u>4,023,062</u>	<u>-</u>	<u>-</u>	<u>4,023,062</u>
Depreciable Capital and Leased Assets				
Buildings	10,715,922	151,559	-	10,867,481
Equipment	2,094,380	111,336	-	2,205,716
Infrastructure	27,234,068	347,476	-	27,581,544
Right to use leased assets	52,490	-	-	52,490
Total depreciable capital and leased assets	<u>40,096,860</u>	<u>610,371</u>	<u>-</u>	<u>40,707,231</u>
Capital and Leased Assets Depreciation and Amortization				
Buildings	(6,662,538)	(267,898)	-	(6,930,436)
Equipment	(1,673,645)	(209,438)	-	(1,883,083)
Infrastructure	(24,447,778)	(680,852)	-	(25,128,630)
Right to use leased assets - accumulated amortization	(17,187)	(10,498)	-	(27,685)
Total capital and leased assets asset accumulated depreciation/amortization	<u>(32,801,148)</u>	<u>(1,168,686)</u>	<u>-</u>	<u>(33,969,834)</u>
Depreciable capital assets, net	<u>7,295,712</u>	<u>(558,315)</u>	<u>-</u>	<u>6,737,397</u>
Governmental activities capital assets, net	<u>\$ 11,318,774</u>	<u>\$ (558,315)</u>	<u>\$ -</u>	<u>\$ 10,760,459</u>

Depreciation and amortization expense in the amount of \$1,168,686 was charged to general government on the statement of activities.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
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Business-Type Activities

	Balances June 30, 2023	Increases	Decreases	Balances June 30, 2024
Nondepreciable Capital Assets				
Construction in progress-sewer	\$ 16,615,920	\$ 873,240	\$ -	\$ 17,489,160
Total nondepreciable capital assets	<u>16,615,920</u>	<u>873,240</u>	<u>-</u>	<u>17,489,160</u>
Depreciable Capital and Leased Assets				
Equipment - water	268,259	241,029	-	509,288
Equipment - sewer	411,655	82,162	-	493,817
Equipment - storm water	80	-	-	80
Water facilities	12,889,741	-	-	12,889,741
Sewer facilities	17,164,958	481,228	-	17,646,186
Storm water infrastructure	10,296,700	-	-	10,296,700
Right to use leased assets	154,678	39,571	-	194,249
Total depreciable capital and leased assets	<u>41,186,071</u>	<u>843,990</u>	<u>-</u>	<u>42,030,061</u>
Capital and Leased Assets Depreciation and Amortization				
Equipment - water	(117,940)	(26,826)	-	(144,766)
Equipment - sewer	(411,655)	(41,166)	-	(452,821)
Equipment - storm water	(80)	-	-	(80)
Water facilities	(4,119,781)	(322,244)	-	(4,442,025)
Sewer facilities	(10,120,529)	(415,398)	-	(10,535,927)
Storm water infrastructure	(10,296,700)	-	-	(10,296,700)
Right to use leased assets - accumulated amortization	(45,298)	(41,301)	-	(86,599)
Total capital and leased assets accumulated depreciation/amortization	<u>(25,111,983)</u>	<u>(846,935)</u>	<u>-</u>	<u>(25,958,918)</u>
Depreciable capital assets, net	<u>16,074,088</u>	<u>(2,945)</u>	<u>-</u>	<u>16,071,143</u>
Business-type activities capital assets, net	<u>\$ 32,690,008</u>	<u>\$ 870,295</u>	<u>\$ -</u>	<u>\$ 33,560,303</u>

Depreciation of \$805,634 was charged to business-type activities in the same amounts as shown.

Amortization was charged to business-type activities in the following amounts:

Water	\$ 18,006
Sewer	23,295
Total amortization expense	<u>\$ 41,301</u>

City of Sweet Home, Oregon
Notes to Basic Financial Statements
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4) Long-Term Debt

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

	Outstanding June 30, 2023	Issued	Matured/ Redeemed During Year	Outstanding June 30, 2024	Due Within One Year
Governmental activities					
Direct borrowings - leases	\$ 23,992	\$ -	\$ (6,498)	\$ 17,494	\$ 6,498
Business-type activities					
Direct borrowings - bonds	\$ 11,421,807	\$ -	\$ (1,102,207)	\$ 10,319,600	\$ 1,174,578
Direct borrowings - leases	24,378	-	(6,498)	17,880	6,498
Bond premiums	460,264	-	(38,355)	421,909	-
	<u>\$ 11,906,449</u>	<u>\$ -</u>	<u>\$ (1,147,060)</u>	<u>\$ 10,759,389</u>	<u>\$ 1,181,076</u>

Governmental Activities - Direct Borrowings

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

\$ 17,494

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

Fiscal Year Ending June 30	Payments
2025	\$ 6,498
2026	6,498
2027	<u>4,498</u>
	<u>\$ 17,494</u>

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

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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.

\$ 4,134,600

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.

\$ 2,000,000

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

\$ 4,185,000

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

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 1,174,578	\$ 156,621	\$ 1,331,199
2026	946,974	137,125	1,084,099
2027	954,394	120,981	1,075,375
2028	966,837	104,587	1,071,424
2029	979,306	87,868	1,067,174
2030-2034	3,459,427	236,367	3,695,794
2035-2039	1,559,945	57,824	1,617,769
2040	<u>278,139</u>	<u>2,782</u>	<u>280,921</u>
	<u>\$ 10,319,600</u>	<u>\$ 904,155</u>	<u>\$ 11,223,755</u>

City of Sweet Home, Oregon
Notes to Basic Financial Statements
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Annual debt service requirements to maturity for capital leases are as follows:

Fiscal Year Ending June 30	Payments
2025	\$ 6,498
2026	6,498
2027	4,884
	<u>\$ 17,880</u>

5) Right-To-Use – Leases Payable

The City has lease agreements for eight vehicles with various payment amounts and expiration dates. The yearly payments in place at June 30, 2024, total \$63,640 per year, with the newest lease expiring in 2028. The lease payable was calculated using a discount rate of 1.57%.

As of and for the year ended June 30, 2024, the City's lease payable activity was as follows:

	Outstanding June 30, 2023	Issued	Matured/ Redeemed During Year	Outstanding June 30, 2024	Due Within One Year
Governmental activities					
Vehicle leases	\$ 35,303	\$ -	\$ (10,498)	\$ 24,805	\$ 10,498
Business-type activities					
Vehicle leases	\$ 109,381	\$ 39,571	\$ (41,302)	\$ 107,650	\$ 38,663

At June 30, 2024, future principal and interest payments for the lease payables are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 10,498	\$ 2,554	\$ 38,663	\$ 11,232
2026	10,498	2,554	38,664	7,917
2027	3,809	928	25,047	7,456
2028	-	-	5,276	1,527
	<u>\$ 24,805</u>	<u>\$ 6,036</u>	<u>\$ 107,650</u>	<u>\$ 28,132</u>

City of Sweet Home, Oregon
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6) 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 ACFR 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.

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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 \$750 plus 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.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and \$750 plus 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, 2021, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The City's contribution rates for the period were 21.12% for Tier One/Tier Two members, 11.08% for OPSRP General Service members, and 15.87% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" were \$206,663.

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 \$79,833 of the employees' contribution.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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

At June 30, 2024, the City reported a liability of \$2,227,762 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023. 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, 2023 and 2022, measurement dates, the City's proportion was 0.01189% and 0.01019%, respectively.

For the year ended June 30, 2024, the City recognized pension expense of \$163,566. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,944	\$ 8,833
Changes of assumptions	197,901	1,476
Net difference between projected and actual earnings on investments	40,042	-
Changes in proportionate share	306,279	56,295
Differences between employer contributions and employer's proportionate share of system contributions	-	421,592
Contributions subsequent to measurement date	206,663	-
Total	\$ 859,829	\$ 488,196

Deferred outflows of resources related to pensions of \$206,663 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:

Fiscal Year Ending June 30,		
2025		\$ 12,300
2026		(104,306)
2027		181,243
2028		63,687
2029		12,046
Total		\$ 164,970

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2021, 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, 2023, Oregon PERS ACFR; Table 25; Page 89)

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
June 30, 2024

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	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

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 January 25, 2023.
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.

(Source: June 30, 2023, Oregon PERS ACFR; Table 31; Page 92)

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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	\$ 3,679,844	\$ 2,227,762	\$ 1,012,524

Pension Plan Fiduciary Net Position

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

7) 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, 2024, totaled \$73,832 on \$1,330,545 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, 2024, was \$206,663 on \$1,330,545 covered non-contractual City payroll.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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:

Years of Service Completed	Specified Percent Vesting
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.

8) Postemployment Benefits Other Than Pensions

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

Financial Statement Presentation

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

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB on Financials
Net OPEB asset	\$ -	\$ 26,249	\$ 26,249
Deferred outflows of resources			
Contributions after measurement date	1,676	153	1,829
Differences between expected and actual experience	12,793	-	12,793
Differences between expected and actual earnings	-	74	74
Changes in proportionate share	-	1,362	1,362
Change in assumptions	7,570	-	7,570
Total outflows of resources	22,039	1,589	23,628
Total OPEB liability	(152,193)	-	(152,193)
Deferred inflows of resources			
Differences between expected and actual experience	(111,406)	(659)	(112,065)
Change in assumptions or experience	(27,666)	(283)	(27,949)
	(139,072)	(942)	(140,014)
OPEB expense/(income)			
(Included in program expenses on statement of activities)	(6,657)	13,949	7,292

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

Implicit Rate Subsidy

Plan Description

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

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

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	1	
Active employees	55	
	56	

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

The City's total OPEB liability of \$152,193 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. For the fiscal year ended June 30, 2024, the City recognized an OPEB expense from this plan of \$7,292. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 12,793	\$ (111,406)
Changes of assumptions and inputs	7,570	(27,666)
Contributions subsequent to measurement date	1,676	-
Total	\$ 22,039	\$ (139,072)

Deferred outflows of resources related to OPEB of \$1,676 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, 2025.

City of Sweet Home, Oregon
Notes to Basic Financial Statements
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:

Year Ending June 30	
2025	\$ (13,237)
2026	(12,018)
2027	(16,087)
2028	(19,393)
2029	(17,813)
Thereafter	(40,161)
Total	<u>\$ (118,709)</u>

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

	Total OPEB Liability
Balance as of June 30, 2023	\$ 131,165
Changes for the year	
Service cost	18,135
Interest on total OPEB liability	5,274
Effect of assumptions changes or inputs	(1,736)
Benefit payments	(645)
Balance as of June 30, 2024	<u>\$ 152,193</u>

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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 or 1 percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 168,682	\$ 152,193	\$ 137,138

Healthcare Cost Trend

	1% Decrease (3.25% decreasing to 2.75%)	Current Healthcare Trend Rate (4.25% decreasing to 3.75%)	1% Increase (5.25% decreasing to 4.75%)
Total OPEB Liability	\$ 129,715	\$ 152,193	\$ 179,371

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

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

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, 2023. The City's contribution rates for the period were 0.00% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2024, contributions was \$26.

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

At June 30, 2024, the City reported an asset of \$26,249 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023. 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, 2023, the City's proportionate share was 0.00717%, which is an increase from its proportion of 0.00731% as of June 30, 2022.

For the year ended June 30, 2024, the City recognized OPEB expense from this plan of \$7,292. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 659
Changes of assumptions	-	283
Net difference between projected and actual earnings	74	-
Changes in proportionate share	1,362	-
Contributions subsequent to the MD	153	-
Total	\$ 1,589	\$ 942

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

Deferred outflows of resources related to OPEB of \$153 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:

Year ending June 30			
2025		\$	107
2026			(930)
2027			970
2028			347
Total		\$	494

Actuarial Methods and Assumptions

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

Sensitivity of the Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Liability (Asset)	\$ (23,861)	\$ (26,249)	\$ (28,299)

OPEB Plan Fiduciary Net Position

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

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

9) 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.

10) Transfers

Interfund transfers on a budgetary basis for the year ended June 30, 2024, consisted of the following amounts:

Fund Name	Transfers In	Transfers Out
General	\$ -	\$ 5,000
Nonmajor governmental	<u>313,000</u>	<u>308,000</u>
	<u>\$ 313,000</u>	<u>\$ 313,000</u>

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

City of Sweet Home, Oregon
Notes to Basic Financial Statements
June 30, 2024

11) 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, 2024, occurred as follows:

Fund Name	Budget	Actual	Variance
General			
Finance	\$ 631,000	\$ 644,162	\$ (13,162)
Capital outlay	200,000	287,835	(87,835)
Community Center			
Materials and services	43,000	43,659	(659)
Water			
Water distribution operations	717,000	740,815	(23,815)
Sewer			
Capital outlay	1,055,000	1,440,632	(385,632)
Debt service	570,000	847,095	(277,095)

Required Supplementary Information

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget And Actual - General Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes and assessments	\$ 853,000	\$ 853,000	\$ 860,915	\$ 7,915
Licenses and permits	913,000	913,000	986,295	73,295
Charges for services	812,000	812,000	714,735	(97,265)
Intergovernmental	338,000	338,000	422,466	84,466
Fines and forfeitures	200,000	200,000	184,371	(15,629)
Miscellaneous	<u>220,000</u>	<u>870,000</u>	<u>1,733,040</u>	<u>863,040</u>
Total revenues	<u>3,336,000</u>	<u>3,986,000</u>	<u>4,901,822</u>	<u>915,822</u>
Expenditures				
Current				
Administration	551,000	551,000	498,522	52,478
Council	31,000	31,000	25,408	5,592
Community and economic development	852,000	932,000	871,397	60,603
Finance	581,000	631,000	644,162	(13,162)
Court	263,000	343,000	341,881	1,119
Parks	435,000	441,000	435,902	5,098
General services	200,000	1,039,000	1,004,746	34,254
Capital outlay	200,000	200,000	287,835	(87,835)
Contingency	<u>660,000</u>	<u>255,000</u>	<u>-</u>	<u>255,000</u>
Total expenditures	<u>3,773,000</u>	<u>4,423,000</u>	<u>4,109,853</u>	<u>313,147</u>
Revenues over (under) expenditures	<u>(437,000)</u>	<u>(437,000)</u>	<u>791,969</u>	<u>1,228,969</u>
Other Financing Sources (Uses)				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(442,000)	(442,000)	786,969	1,228,969
Fund balance, beginning of year	<u>1,500,000</u>	<u>1,500,000</u>	<u>2,546,184</u>	<u>1,046,184</u>
Fund balance, end of year	<u>\$ 1,058,000</u>	<u>\$ 1,058,000</u>	<u>\$ 3,333,153</u>	<u>\$ 2,275,153</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Public Safety Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes and assessments	\$ 3,675,000	\$ 3,675,000	\$ 3,414,606	\$ (260,394)
Intergovernmental	-	-	2,000	2,000
Miscellaneous	30,000	30,000	136,356	106,356
Total revenues	<u>3,705,000</u>	<u>3,705,000</u>	<u>3,552,962</u>	<u>(152,038)</u>
Expenditures				
Police department				
Personnel services	2,773,000	3,006,000	2,986,736	19,264
Materials and services	686,000	618,000	603,320	14,680
Capital outlay	100,000	450,000	393,678	56,322
Contingency	850,000	335,000	-	335,000
Total expenditures	<u>4,409,000</u>	<u>4,409,000</u>	<u>3,983,734</u>	<u>425,266</u>
Net change in fund balance	(704,000)	(704,000)	(430,772)	273,228
Fund balance, beginning of year	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,574,926</u>	<u>(125,074)</u>
Fund balance, end of year	<u>\$ 2,996,000</u>	<u>\$ 2,996,000</u>	<u>\$ 3,144,154</u>	<u>\$ 148,154</u>

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

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the NPL(A) as % of its Covered Employee Payroll	Plan Fiduciary Net Position as % of the Total Pension Liability
2024	0.0119%	\$ 2,227,762	\$ 1,330,545	167.4%	81.7%
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%

City of Sweet Home, Oregon
Schedule of the City's Contributions – Oregon Public Employees
Retirement System
Last Ten Fiscal Years

	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
2024	\$ 206,663	\$ (206,663)	\$ -	\$ 1,330,545	15.53%
2023	115,782	(115,782)	-	1,112,487	10.41%
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%

City of Sweet Home, Oregon
Schedule of Changes in other Post Employment Benefits Liability and
Related Ratios - Implicit Rate Subsidy
Last Ten 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
2024	\$ 18,135	\$ 5,274	\$ -	\$ (1,736)	\$ (645)	\$ 21,028	\$ 131,165	\$ 152,193
2023	23,448	5,640	(102,143)	(29,745)	(7,316)	(110,116)	241,281	131,165
2022	22,757	5,349	-	1,144	(14,451)	14,799	226,482	241,281
2021	18,485	9,960	(54,963)	(2,018)	(21,969)	(50,505)	276,987	226,482
2020	16,410	10,382	-	8,173	(19,497)	15,468	261,519	276,987
2019	15,436	7,272	44,767	12,283	(11,750)	68,008	193,511	261,519
2018	16,475	5,805	-	(11,880)	(8,141)	2,259	191,252	193,511

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 Ten Fiscal Years¹

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as % Covered Payroll	Plan Fiduciary Net Position as % of Total Pension Liability
2024	0.0072%	\$ (26,249)	\$ 1,330,545	-2.0%	201.6%
2023	0.0073%	(25,969)	1,112,487	-2.3%	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 Ten Fiscal Years¹

	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
2024	\$ 153	\$ (153)	\$ -	\$ 1,330,545	0.01%
2023	180	(180)	-	1,112,487	0.02%
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, 2024

	Special Revenue					Capital Projects
	Library	Community Center	Transportation	Community Enhancement	Economic Development	Willow Yucca
Assets						
Cash and investments	\$ 559,018	\$ 32,498	\$ 621,626	\$ 812,737	\$ 101,700	\$ 283,071
Property taxes receivable	24,073	-	-	-	-	-
Assessment liens receivable	-	-	15,660	-	-	-
Loans receivable	-	-	-	-	239,838	-
Accounts receivable	-	-	71,909	-	-	-
Total assets	<u>\$ 583,091</u>	<u>\$ 32,498</u>	<u>\$ 709,195</u>	<u>\$ 812,737</u>	<u>\$ 341,538</u>	<u>\$ 283,071</u>
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities						
Accounts payable	\$ 3,357	\$ 2,025	\$ 34,409	\$ 612	\$ -	\$ 10,734
Accrued payroll liabilities	4,112	-	3,457	-	-	-
Total liabilities	<u>7,469</u>	<u>2,025</u>	<u>37,866</u>	<u>612</u>	<u>-</u>	<u>10,734</u>
Deferred inflows of resources						
Unavailable revenue	24,072	-	15,660	-	239,838	-
Fund balance						
Restricted for						
Community development	-	30,473	655,669	812,125	101,700	-
Library	551,550	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Committed to						
Capital outlay	-	-	-	-	-	272,337
Total fund balance	<u>551,550</u>	<u>30,473</u>	<u>655,669</u>	<u>812,125</u>	<u>101,700</u>	<u>272,337</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 583,091</u>	<u>\$ 32,498</u>	<u>\$ 709,195</u>	<u>\$ 812,737</u>	<u>\$ 341,538</u>	<u>\$ 283,071</u>

City of Sweet Home, Oregon
Combining Balance Sheet - Nonmajor Governmental Funds - continued
June 30, 2024

	Capital Projects					Reserve Fund	Total
	Water SDC	Sewer SDC	Storm Water SDC	Transportation SDC	Parks SDC		
Assets							
Cash and investments	\$ 1,136,921	\$ 945,414	\$ 94,749	\$ 1,457,181	\$ 138,398	\$ 1,214,020	\$ 7,397,333
Property taxes receivable	-	-	-	-	-	-	24,073
Assessment liens receivable	44,897	19,857	-	-	-	-	80,414
Loans receivable	-	-	-	-	-	-	239,838
Accounts receivable	37,199	226	-	336	-	-	109,670
Total assets	<u>\$ 1,219,017</u>	<u>\$ 965,497</u>	<u>\$ 94,749</u>	<u>\$ 1,457,517</u>	<u>\$ 138,398</u>	<u>\$ 1,214,020</u>	<u>\$ 7,851,328</u>
Liabilities, Deferred Inflows of Resources and Fund Balance							
Liabilities							
Accounts payable	\$ 5,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,661
Accrued payroll liabilities	-	-	-	-	-	-	7,569
Total liabilities	<u>5,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,230</u>
Deferred inflows of resources							
Unavailable revenue	44,897	19,857	-	-	-	-	344,324
Fund balance							
Restricted for							
Community development	-	-	-	-	-	-	1,599,967
Library	-	-	-	-	-	-	551,550
Capital outlay	1,168,596	945,640	94,749	1,457,517	138,398	-	3,804,900
Committed to							
Capital outlay	-	-	-	-	-	1,214,020	1,486,357
Total fund balance	<u>1,168,596</u>	<u>945,640</u>	<u>94,749</u>	<u>1,457,517</u>	<u>138,398</u>	<u>1,214,020</u>	<u>7,442,774</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,219,017</u>	<u>\$ 965,497</u>	<u>\$ 94,749</u>	<u>\$ 1,457,517</u>	<u>\$ 138,398</u>	<u>\$ 1,214,020</u>	<u>\$ 7,851,328</u>

City of Sweet Home, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue					Capital Projects
	Library	Community Center	Transportation	Community Enhancement	Economic Development	Willow Yucca
Revenues						
Taxes and assessments	\$ 633,035	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Charges for services	-	50,342	-	-	-	-
Intergovernmental	30,120	-	1,043,492	291,034	12,000	-
Fines and forfeitures	4,261	-	-	-	-	-
Miscellaneous	11,297	-	22,334	31,535	20,950	-
Total revenues	<u>678,713</u>	<u>50,342</u>	<u>1,065,826</u>	<u>322,569</u>	<u>32,950</u>	<u>-</u>
Expenditures						
Current						
Library	728,972	-	-	-	-	-
Community development	-	-	-	323,130	166,006	27,663
Community center	-	-	-	-	-	-
Transportation	-	43,659	675,115	-	-	-
Capital outlay	-	-	54,555	96,496	-	-
Total expenditures	<u>728,972</u>	<u>43,659</u>	<u>729,670</u>	<u>419,626</u>	<u>166,006</u>	<u>27,663</u>
Revenues over (under) expenditures	<u>(50,259)</u>	<u>6,683</u>	<u>336,156</u>	<u>(97,057)</u>	<u>(133,056)</u>	<u>(27,663)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	13,000	-	300,000
Transfers out	-	-	-	-	(8,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>(8,000)</u>	<u>300,000</u>
Net change in fund balance	(50,259)	6,683	336,156	(84,057)	(141,056)	272,337
Fund balance, beginning of year	<u>601,809</u>	<u>23,790</u>	<u>319,513</u>	<u>896,182</u>	<u>242,756</u>	<u>-</u>
Fund balance, end of year	<u>\$ 551,550</u>	<u>\$ 30,473</u>	<u>\$ 655,669</u>	<u>\$ 812,125</u>	<u>\$ 101,700</u>	<u>\$ 272,337</u>

City of Sweet Home, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds - continued
For the Year Ended June 30, 2024

	Capital Projects						Total
	Water SDC	Sewer SDC	Storm Water SDC	Transportation SDC	Parks SDC	Reserve Fund	
Revenues							
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,035
Licenses and permits	107,444	92,147	27,246	107,183	19,552	-	353,572
Charges for services	-	-	-	-	-	-	50,342
Intergovernmental	-	-	-	-	-	-	1,376,646
Fines and forfeitures	-	-	-	-	-	-	4,261
Miscellaneous	-	-	-	-	-	500	86,616
Total revenues	<u>107,444</u>	<u>92,147</u>	<u>27,246</u>	<u>107,183</u>	<u>19,552</u>	<u>500</u>	<u>2,504,472</u>
Expenditures							
Current							
Library	-	-	-	-	-	-	728,972
Community development	-	-	-	-	-	-	516,799
Community center	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	718,774
Capital outlay	-	-	-	-	4,445	-	155,496
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,445</u>	<u>-</u>	<u>2,120,041</u>
Revenues over (under) expenditures	<u>107,444</u>	<u>92,147</u>	<u>27,246</u>	<u>107,183</u>	<u>15,107</u>	<u>500</u>	<u>384,431</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	313,000
Transfers out	-	-	-	-	-	(300,000)	(308,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>5,000</u>
Net change in fund balance	107,444	92,147	27,246	107,183	15,107	(299,500)	389,431
Fund balance, beginning of year	<u>1,061,152</u>	<u>853,493</u>	<u>67,503</u>	<u>1,350,334</u>	<u>123,291</u>	<u>1,513,520</u>	<u>7,053,343</u>
Fund balance, end of year	<u>\$ 1,168,596</u>	<u>\$ 945,640</u>	<u>\$ 94,749</u>	<u>\$ 1,457,517</u>	<u>\$ 138,398</u>	<u>\$ 1,214,020</u>	<u>\$ 7,442,774</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Library Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes and assessments	\$ 600,000	\$ 600,000	\$ 633,035	\$ 33,035
Intergovernmental	42,000	42,000	30,120	(11,880)
Fines and forfeitures	1,000	1,000	4,261	3,261
Miscellaneous	9,000	9,000	11,297	2,297
Total revenues	<u>652,000</u>	<u>652,000</u>	<u>678,713</u>	<u>26,713</u>
Expenditures				
Library				
Personal services	409,000	441,000	437,443	3,557
Materials and services	299,000	289,000	291,529	(2,529)
Capital outlay	15,000	-	-	-
Contingency	133,000	126,000	-	126,000
Total expenditures	<u>856,000</u>	<u>856,000</u>	<u>728,972</u>	<u>127,028</u>
Net change in fund balance	(204,000)	(204,000)	(50,259)	153,741
Fund balance, beginning of year	890,000	890,000	601,809	(288,191)
Fund balance, end of year	<u>\$ 686,000</u>	<u>\$ 686,000</u>	<u>\$ 551,550</u>	<u>\$ (134,450)</u>

* Budget adopted by organizational unit. Not an over-expenditure of appropriations.

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Community Center Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 30,000	\$ 30,000	\$ 50,342	\$ 20,342
Expenditures				
Community center				
Materials and services	30,000	43,000	43,659	(659)
Contingency	13,000	-	-	-
Total expenditures	<u>43,000</u>	<u>43,000</u>	<u>43,659</u>	<u>(659)</u>
Net change in fund balance	(13,000)	(13,000)	6,683	19,683
Fund balance, beginning of year	<u>13,000</u>	<u>13,000</u>	<u>23,790</u>	<u>10,790</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,473</u>	<u>\$ 30,473</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Transportation Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ 765,000	\$ 765,000	\$ 1,043,492	\$ 278,492
Miscellaneous	5,000	5,000	22,334	17,334
Total revenues	<u>770,000</u>	<u>770,000</u>	<u>1,065,826</u>	<u>295,826</u>
Expenditures				
Transportation				
Personnel services	430,000	470,000	462,882	7,118
Materials and services	250,000	225,000	212,233	12,767
Capital outlay	75,000	60,000	54,555	5,445
Contingency	<u>170,000</u>	<u>170,000</u>	-	<u>170,000</u>
Total expenditures	<u>925,000</u>	<u>925,000</u>	<u>729,670</u>	<u>195,330</u>
Net change in fund balance	(155,000)	(155,000)	336,156	491,156
Fund balance, beginning of year	<u>350,000</u>	<u>350,000</u>	<u>319,513</u>	<u>(30,487)</u>
Fund balance, end of year	<u>\$ 195,000</u>	<u>\$ 195,000</u>	<u>\$ 655,669</u>	<u>\$ 460,669</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Community Enhancement Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 291,034	\$ 291,034
Miscellaneous	<u>3,000</u>	<u>4,000</u>	<u>31,535</u>	<u>27,535</u>
Total revenues	<u>3,000</u>	<u>4,000</u>	<u>322,569</u>	<u>318,569</u>
Expenditures				
Community enhancement				
Operations	557,000	558,000	323,130	234,870
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>96,496</u>	<u>103,504</u>
Total expenditures	<u>757,000</u>	<u>758,000</u>	<u>419,626</u>	<u>338,374</u>
Revenues over (under) expenditures	<u>(754,000)</u>	<u>(754,000)</u>	<u>(97,057)</u>	<u>656,943</u>
Other Financing Sources				
Transfers in	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Net change in fund balance	(741,000)	(741,000)	(84,057)	656,943
Fund balance, beginning of year	<u>741,000</u>	<u>741,000</u>	<u>896,182</u>	<u>155,182</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 812,125</u>	<u>\$ 812,125</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Economic Development Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 12,000	\$ 12,000
Miscellaneous	-	-	20,950	20,950
Total revenues	<u>-</u>	<u>-</u>	<u>32,950</u>	<u>32,950</u>
Expenditures				
Community development	<u>217,000</u>	<u>217,000</u>	<u>166,006</u>	<u>50,994</u>
Revenues over (under) expenditures	<u>(217,000)</u>	<u>(217,000)</u>	<u>(133,056)</u>	<u>83,944</u>
Other Financing Uses				
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Net change in fund balance	(225,000)	(225,000)	(141,056)	83,944
Fund balance, beginning of year	<u>225,000</u>	<u>225,000</u>	<u>242,756</u>	<u>17,756</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,700</u>	<u>\$ 101,700</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Willow Yucca LID Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Operations	400,000	400,000	27,663	372,337
Capital outlay	1,300,000	1,300,000	-	1,300,000
Total expenditures	<u>1,700,000</u>	<u>1,700,000</u>	<u>27,663</u>	<u>1,672,337</u>
Revenues over (under) expenditures	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(27,663)</u>	<u>1,672,337</u>
Other Financing Uses				
Transfers in	300,000	300,000	300,000	-
Proceeds from issuance of debt	1,400,000	1,400,000	-	(1,400,000)
Total other financing sources and uses	<u>1,700,000</u>	<u>1,700,000</u>	<u>300,000</u>	<u>(1,400,000)</u>
Net change in fund balance	-	-	272,337	272,337
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,337</u>	<u>\$ 272,337</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Water SDC Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Licenses and permits	\$ 85,000	\$ 85,000	\$ 107,444	\$ 22,444
Expenditures				
Water SDC				
Operations	321,000	321,000	-	321,000
Capital outlay	749,000	749,000	-	749,000
Total expenditures	<u>1,070,000</u>	<u>1,070,000</u>	<u>-</u>	<u>1,070,000</u>
Net change in fund balance	(985,000)	(985,000)	107,444	1,092,444
Fund balance, beginning of year	<u>985,000</u>	<u>985,000</u>	<u>1,061,152</u>	<u>76,152</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,596</u>	<u>\$ 1,168,596</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes In Fund Balance -
Budget and Actual – Sewer SDC Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Licenses and permits	\$ 50,000	\$ 50,000	\$ 92,147	\$ 42,147
Expenditures				
Sewer SDC				
Operations	260,000	260,000	-	260,000
Capital outlay	605,000	605,000	-	605,000
Total expenditures	865,000	865,000	-	865,000
Net change in fund balance	(815,000)	(815,000)	92,147	907,147
Fund balance, beginning of year	815,000	815,000	853,493	38,493
Fund balance, end of year	\$ -	\$ -	\$ 945,640	\$ 945,640

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Storm Water SDC Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 27,246	\$ 7,246
Expenditures				
Storm Water SDC				
Operations	24,000	24,000	-	24,000
Capital outlay	56,000	56,000	-	56,000
Total expenditures	80,000	80,000	-	80,000
Net change in fund balance	(60,000)	(60,000)	27,246	87,246
Fund balance, beginning of year	60,000	60,000	67,503	7,503
Fund balance, end of year	\$ -	\$ -	\$ 94,749	\$ 94,749

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Transportation SDC Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Licenses and permits	\$ 180,000	\$ 180,000	\$ 107,183	\$ (72,817)
Expenditures				
Transportation SDC				
Operations	458,000	458,000	-	458,000
Capital outlay	1,067,000	1,067,000	-	1,067,000
Total expenditures	1,525,000	1,525,000	-	1,525,000
Net change in fund balance	(1,345,000)	(1,345,000)	107,183	1,452,183
Fund balance, beginning of year	1,345,000	1,345,000	1,350,334	5,334
Fund balance, end of year	\$ -	\$ -	\$ 1,457,517	\$ 1,457,517

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Parks SDC Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Licenses and permits	\$ 13,000	\$ 13,000	\$ 19,552	\$ 6,552
Expenditures				
Parks SDC				
Operations	42,000	42,000	4,445	37,555
Capital outlay	98,000	98,000	-	98,000
Total expenditures	140,000	140,000	4,445	135,555
Net change in fund balance	(127,000)	(127,000)	15,107	142,107
Fund balance, beginning of year	127,000	127,000	123,291	(3,709)
Fund balance, end of year	\$ -	\$ -	\$ 138,398	\$ 138,398

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Reserve Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 500	\$ 500
Expenditures				
Contingency	465,000	465,000	-	465,000
Revenues over (under) expenditures	(465,000)	(465,000)	500	465,500
Other Financing Uses				
Transfers out	(300,000)	(300,000)	(300,000)	-
Net change in fund balance	(765,000)	(765,000)	(299,500)	465,500
Fund balance, beginning of year	765,000	765,000	1,513,520	748,520
Fund balance, end of year	\$ -	\$ -	\$ 1,214,020	\$ 1,214,020

City of Sweet Home, Oregon
Schedule Of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Water Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,663,000	\$ 2,663,000	\$ 2,740,573	\$ 77,573
Miscellaneous	5,000	5,000	54,078	49,078
Total revenues	<u>2,668,000</u>	<u>2,668,000</u>	<u>2,794,651</u>	<u>126,651</u>
Expenditures				
Water plant operations	926,000	773,000	714,058	58,942
Water distribution operations	757,000	717,000	740,815	(23,815)
Capital outlay	729,000	699,000	246,150	452,850
Debt service	380,000	730,000	442,149	287,851
Contingency	500,000	373,000	-	373,000
Total expenditures	<u>3,292,000</u>	<u>3,292,000</u>	<u>2,143,172</u>	<u>1,148,828</u>
Net change in fund balance	(624,000)	(624,000)	651,479	1,275,479
Fund balance, beginning of year	<u>2,667,000</u>	<u>2,667,000</u>	<u>2,587,276</u>	<u>(79,724)</u>
Fund balance, end of year	<u>\$ 2,043,000</u>	<u>\$ 2,043,000</u>	<u>\$ 3,238,755</u>	<u>\$ 1,195,755</u>

Reconciliation of Change in Net Position - Fund Balance to Change in Fund Net Position, GAAP Basis

Net change in fund balance	\$ 651,479
Change in inventories	24,723
Depreciation and amortization	(367,076)
Capitalized expenses, net	280,600
Change in compensated absences	10,732
Change in long-term debt	339,324
Change in accrued interest	(2,947)
Change in OPEB and related deferrals	<u>(5,285)</u>
Change in fund net position	<u>\$ 931,550</u>

City of Sweet Home, Oregon
Schedule Of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – Sewer Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 3,090,000	\$ 3,090,000	\$ 3,148,166	\$ 58,166
Taxes and assessments	32,000	32,000	33,391	1,391
Intergovernmental	-	830,000	837,679	7,679
Miscellaneous	10,000	10,000	4,370	(5,630)
Total revenues	<u>3,132,000</u>	<u>3,962,000</u>	<u>4,023,606</u>	<u>61,606</u>
Expenditures				
Sewer plant operations	1,154,000	1,314,000	1,285,997	28,003
Water collections operations	485,000	485,000	476,908	8,092
Capital outlay	575,000	1,055,000	1,440,632	(385,632)
Debt service	380,000	570,000	847,095	(277,095)
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>3,094,000</u>	<u>3,924,000</u>	<u>4,050,632</u>	<u>(126,632)</u>
Net change in fund balance	38,000	38,000	(27,026)	(65,026)
Fund balance, beginning of year	4,375,000	4,375,000	4,392,559	17,559
Fund balance, end of year	<u>\$ 4,413,000</u>	<u>\$ 4,413,000</u>	<u>\$ 4,365,533</u>	<u>\$ (47,467)</u>

Reconciliation of Change in Net Position - Fund Balance to Change in Fund Net Position, GAAP Basis

Net change in fund balance	\$ (27,026)
Change in inventories	134
Depreciation and amortization	(479,860)
Capitalized expenses, net	1,436,631
Change in compensated absences	(19,263)
Change in long-term debt	822,459
Change in accrued interest	(2,767)
Change in OPEB and related deferrals	<u>(5,935)</u>
Change in fund net position	<u>\$ 1,724,373</u>

City of Sweet Home, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Storm Water Fund
For the Year Ended June 30, 2024

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 195,000	\$ 195,000	\$ 240,663	\$ 45,663
Miscellaneous	5,000	5,000	5,000	-
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>245,663</u>	<u>45,663</u>
Expenditures				
Operations	212,000	212,000	159,442	52,558
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>262,000</u>	<u>262,000</u>	<u>159,442</u>	<u>102,558</u>
Net change in fund balance	(62,000)	(62,000)	86,221	148,221
Fund balance, beginning of year	295,000	295,000	457,344	162,344
Fund balance, end of year	<u>\$ 233,000</u>	<u>\$ 233,000</u>	<u>\$ 543,565</u>	<u>\$ 310,565</u>

Reconciliation of Change in Net Position - Fund Balance to Change in Fund Net Position, GAAP Basis

Net change in fund balance	\$ 86,221
Change in compensated absences	(6,073)
Change in OPEB and related deferrals	<u>(2,729)</u>
Change in fund net position	<u>\$ 77,419</u>

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, 2024, and have issued our report thereon dated May 11, 2026.

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 noncompliance 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.
 - Capital outlay was not appropriated as part of the organizational unit or program for several funds for the fiscal year under audit and for the fiscal year 2025 budget.
 - For the fiscal year 2025 budget, contingency was appropriated in the reserve fund which did not have any appropriations for personnel, materials and services, or capital outlay.
 - For the fiscal year 2025 budget, debt service was under-appropriated for the sewer fund.

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.

Material weaknesses in internal controls were reported to management in a separate letter dated May 11, 2026.

Restriction on Use

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



Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
May 11, 2026