



CITY OF SWEET HOME CITY COUNCIL AGENDA

January 13, 2026, 6:30 PM
Sweet Home City Hall, 3225 Main Street
Sweet Home, OR 97386

WIFI Passcode: guestwifi

PLEASE silence all cell phones – Anyone who wishes to speak, please sign in.

Mission Statement

The City of Sweet Home will work to build an economically strong community with an efficient and effective local government that will provide infrastructure and essential services to the citizens we serve. As efficient stewards of the valuable assets available, we will be responsive to the community while planning and preparing for the future.

Meeting Information

This meeting is open to the public in person and virtually. The City of Sweet Home is streaming the meeting via the Microsoft Teams platform and asks the public to consider this option. There will be opportunity for public input via the live stream. To view the meeting live, visit <http://live.sweethomeor.gov>. If you do not have access to the internet, you can call in to 971-203-2871 and enter the meeting ID followed by the # sign to be logged in to the call. Meeting ID: 882 329 760

This video stream and call in options are allowed under Council Rules, meet the requirements for Oregon Public Meeting Law, and have been approved by the Mayor and Chairperson of the meeting.

I. Call to Order & Pledge of Allegiance

II. Roll Call

III. Consent Agenda

- a) Approval of Minutes:
 - i) [2025-12-09 City Council Work Session Minutes](#)
 - ii) [2025-12-09 City Council Meeting Minutes](#)
- b) Request for Council Action – Contract Approval for Finance Director Services
 - i) [Request for Council Action – Contract Approval for Finance Director Services](#)

IV. Recognition of Visitors & Hearing of Petitions

- a) Officer Swearing-in

V. New Business

- a) [Request for Council Action – Adopting the Action Plan for the FY 2023 Audit](#)

VI. Reports of Committees

Administration, Finance & Property Committee – President Pro Tem Thorstad

Community Health Committee – Councilor Bronson

Library Advisory Board – Councilor Augsburger

The location of the meeting is accessible to the disabled. If you have a disability that requires accommodation, advanced notice is requested by notifying the City Manager's Office at 541-367-8969.

Park & Tree Committee – Councilor Hegge

Planning Commission

Area Commission on Transportation – Councilor Sanchez, Councilor Bronson (alternate)

Chamber of Commerce – Councilor Hegge

Council of Governments – Councilor Bronson, Councilor Sanchez (alternate)

Solid Waste Advisory Council – Councilor Richards

VII. Department Reports

Library

• [Library Report – December 2025](#)

Planning & Building

Public Works

Finance

• [Finance Department Report – Quarter 2 & December 2025](#)

Police

• [Police Department Report – 2025 Annual Statistics](#)

VIII. Reports of City Officials

City Manager's Report

i) [January 2026 Newsletter](#)

Mayor's Report

IX. Council Business for Good of the Order

X. Adjournment



CITY OF SWEET HOME CITY COUNCIL WORK SESSION MINUTES

December 09, 2025, 5:30 PM
Sweet Home City Hall, 3225 Main Street
Sweet Home, OR 97386

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Call to Order & Pledge of Allegiance

The meeting was called to order at

Roll Call

PRESENT

Mayor Susan Coleman
President Pro Tem Josh Thorstad
Councilor Chelsea Augsburger
Councilor Ken Bronson (virtual)
Councilor Aaron Hegge
Councilor Angelita Sanchez

ABSENT

Councilor Dylan Richards

STAFF

Jason Ogden, City Manager / Police Chief
Cecily Hope Pretty, Deputy City Manager
Blair Larsen, City Attorney
Angela Clegg, Planning & Building Manager
Adam Leisinger, Special Projects Manager
Greg Springman, Public Works Director

GUESTS

Gary Jarvis, Vice Chair, Charter Review Committee

Work Session

- a) Proposed Charter Amendments

City Manager Ogden stated that the packet included a tracked changes version of the proposed Charter changes.

Mayor Coleman stated that the oath in the Charter was not the full oath Councilors typically take when sworn in but that it was not a conflict because the required language in the Charter was included.

Councilor Sanchez expressed concern with the potential disqualification from running for office due to absences and the potential legal liability. She asked for clarification regarding a note on the markup version of the Charter regarding establishment of a process to fill vacancies on City Council. Deputy City Manager Pretty replied that there was not an established process and it could vary each time at Council's discretion. She added that the Charter Review Committee recommended that the Council consider adopting a Resolution establishing same. Councilor Sanchez requested that an appeals process and

guidelines be established if the new rules regarding absences were adopted. She stated she did not agree with removing the requirement to read Ordinances in full upon the first reading.

Councilor Bronson expressed concern with the 30-day absence that could potentially lead to a Councilor's removal. He stated he was not in favor of allowing five minutes for Public Comment but rather preferred three minutes. He requested a clearer definition of attendance in the Charter.

Councilor Sanchez expressed support for a five-minute Public Comment period.

Councilor Augsburger stated she was in agreement with Councilor Sanchez.

Mayor Coleman recognized Charter Review Committee Vice Chair Gary Jarvis to speak.

Vice Chair Jarvis stated that the intent behind the 30-day absence requirement was to capture those who did not intend to live within City limits any longer rather than those on extended travel.

City Attorney Larsen stated that he could provide a re-wording of the section regarding extended absences to eliminate confusion. President Pro Tem Thorstad stated that there would be both excused and unexcused absences.

Councilor Augsburger asked if absences could be excused only if a member made a motion and a vote was taken. Deputy City Manager Pretty indicated that she was correct.

There was consensus that City Attorney Larsen would propose modified language regarding vacancies.

Mayor Coleman suggested a Work Session regarding Council rules to include defining "attendance." Mayor Coleman requested Council feedback regarding 10 absences within 365 days.

Councilor Hegge asked if there were legal concerns regarding prohibiting someone from running in the subsequent election due to attendance. City Attorney Larsen replied that there was not a significant amount of relevant case law but had not identified any concerns to date. Councilor Hegge expressed support for encouraging attendance at Council meetings.

President Pro Tem Thorstad expressed support for the proposed rule.

Councilor Augsburger stated that she was not in favor of the 10-absence rule.

Councilor Bronson requested additional legal research on the issue. Mayor Coleman concurred.

Mayor Coleman requested Council feedback regarding the reading of Ordinances in full. There was consensus to require Ordinances to continue to be read in full as stated in the current Charter.

Mayor Coleman requested Council feedback regarding allowing five minutes for Public Comment. There was no consensus regarding its support or opposition. City Attorney Larsen suggested reconsidering the proposal at a later date.

Councilor Sanchez asked of how the Charter would be packaged on the ballot. City Attorney Larsen stated that the ballot requirements for petitions differed from a referral, such as the proposed Charter amendments, and that there was no requirement for the ballot question to be a single subject.

City Attorney Larsen stated that the League of Oregon Cities recently updated their model Charter and stated that their recommendations were aligned with the City's proposal regarding interference in administration. He requested that the Council consider the use of the word "coerce" rather than "demand." There was consensus for same.

There was consensus to hold another Work Session to discuss the proposed changes.

Mayor Coleman thanked staff and the Charter Review Committee for their work on the Charter review process.

Vice Chair Jarvis thanked the City Council for their support.

Adjournment

There being no further discussion, the meeting was adjourned at 6:13 PM.

Mayor

ATTEST:

City Manager – Ex Officio City Recorder

DRAFT



CITY OF SWEET HOME CITY COUNCIL MEETING MINUTES

December 09, 2025, 6:30 PM
Sweet Home City Hall, 3225 Main Street
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Roll Call

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Councilor Aaron Hegge
Councilor Angelita Sanchez

ABSENT

Councilor Dylan Richards

STAFF

Jason Ogden, City Manager / Police Chief
Cecily Hope Pretty, Deputy City Manager
Blair Larsen, City Attorney
Angela Clegg, Planning & Building Manager
Adam Leisinger, Special Projects Manager
Greg Springman, Public Works Director

GUESTS

Ryan Pasquarella, RedW

Consent Agenda

Approval of Minutes:

- a) 2025-10-28 City Council Work Session Minutes
- b) 2025-10-28 City Council Meeting Minutes

President Pro Tem Thorstad moved to approve the Consent Agenda. Councilor Augsburger seconded the motion. The motion carried by the following vote:

AYE: Coleman, Thorstad, Augsburger, Bronson, Hegge, Sanchez

NAY: None

ABSENT: Richards

Recognition of Visitors & Hearing of Petitions

There were no visitors to be heard.

New Business

a) Audit Update

City Manager Ogden introduced Ryan Pasquarella to provide an update on the City's audit.

Mr. Pasquarella stated that RedW was providing audit services for the City and was working to get the City's financial reporting up to date. He stated that the audit for the fiscal year concluding June 30, 2023 was complete. He noted that they had worked with City staff to gather documentation and that the final report was issued to the State in November 2025 and that his firm had begun work on the following year's audit. He stated that the auditors issued an unmodified ("clean") opinion in which all of the numbers may not be fully correct but that there were no material errors discovered in the City's financial information based on sampling. He noted that there were findings similar to the prior fiscal year's findings including two material weaknesses which meant that the auditors were needed to discover the material errors; the weaknesses were related to the timing of the audits and budget compliance related to appropriations and errors in the budget itself; and to account reconciliation between accounts payable, accounts receivable, and liabilities. He noted that the City is required to approve a Plan of Action to correct the weaknesses. He stated that the auditors had received approximately 80% of the requested information for the Fiscal Year 2024 audit and he anticipated that it would be completed more quickly than the prior year.

Councilor Sanchez asked of the discrepancy of \$89,000 for fixed assets. Mr. Pasquarella stated that there were many reasons not to record an amount and it was categorized as a past adjustment that was non-material. Councilor Sanchez asked of comments related to controls. Mr. Pasquarella replied that the internal year-end reconciliation process needed to be improved. Councilor Sanchez asked if the City was still in non-compliance for the Fiscal Year 2024 audit. Mr. Pasquarella replied that it had been due December 31, 2024. He added that best practice was to have the City's books provided to the auditors in September of the year it was due in order to meet the State's required timeline.

Deputy City Manager Pretty stated that Finance Director Matt Brown would provide a Plan of Action for City Council's approval in January.

No action was required for this item.

Reports of Committees

Community Health Committee – Councilor Bronson

- a) • 2025-11-19 Community Health Committee Meeting Minutes

Library Advisory Board – Councilor Augsburger

- a) • 2025-11-13 Library Board Work Session Minutes
- b) • 2025-11-13 Library Board Meeting Minutes

Park & Tree Committee – Councilor Hegge

- a) • 2025-10-15 Park & Tree Committee Meeting Minutes
- 2025-11-19 Park & Tree Committee Meeting Minutes

Planning Commission

- a) • 2025-09-18 Planning Commission Meeting Minutes

Area Commission on Transportation – Councilor Sanchez, Councilor Bronson (alternate)

Council of Governments – Councilor Bronson, Councilor Sanchez (alternate)

Chamber of Commerce – Councilor Hegge

Solid Waste Advisory Council – Councilor Richards

Councilor Hegge thanked the Beautification for installing lollipop planters for the holiday seasons and the Public Works Department for the holiday décor.

Department Reports

Library

- a) • Library Report – October & November 2025

Planning & Building

- a) • Planning & Building Report – October & November 2025

Public Works

- a) • Public Works Report – October & November 2025

Finance

- a) • Finance Report – October & November 2025

Police

- a) • Police Department Report – October & November 2025

City Manager Ogden stated that Director Springman would be retiring at the end of December but that he would be providing part-time support on a contractual basis to assist with the transition and provide guidance for the wastewater treatment plant project. He expressed his gratitude for Director Springman.

Director Springman expressed gratitude for the opportunity to continue working with the City and thanked City Council for their support during his tenure.

Mayor Coleman highlighted Director Springman's success in bringing water and wastewater operations in-house and his support for staff development and morale. She thanked him for the improvements he brought to the City's systems.

City Manager Ogden stated that Shop with a Cop took place and thanked the community for their support. He noted that person crimes and property crimes were down significantly for the year. He stated that there were currently two vacancies on the force.

Reports of City Officials

City Manager's Report

- a) Annual Goals Update
- b) November 2025 Newsletter
- c) December 2025 Newsletter

City Manager Ogden provided an update on the status of the Fiscal Year 2026 City Council and City Manager goals.

Councilor Hegge recommended that Councilors visit local parks to view the benches made by Public Works.

City Manager Ogden asked the City Council to begin thinking about their proposed goals for the next fiscal year.

Mayor's Report

Mayor Coleman thanked the Police Department and the Fire District for hosting holiday events. She reviewed local events that had taken place since the last Council meeting and upcoming events.

Council Business for Good of the Order

There was no business to be heard.

Adjournment

There being no further discussion, the meeting was adjourned at 7:13 PM.

Mayor

ATTEST:

City Manager – Ex Officio City Recorder

DRAFT



REQUEST FOR COUNCIL ACTION

Title: Request for Council Action – Contract Approval for Finance Director Services

Preferred Agenda: January 13, 2026

Submitted By: Cecily Hope Pretty, Deputy City Manager

Reviewed By: Jason Ogden, City Manager / Police Chief

Type of Action: Resolution Motion Roll Call Other

Relevant Code/Policy: City Budget

Towards Council Goal: Effective and Efficient Government

Attachments: Draft Contract for Personal Services – Financial Administration

Purpose of this RCA:

To seek City Council approval for a proposed contract between the City of Sweet Home and Matt Brown Consulting to provide financial administration services.

Background/Context:

Mr. Brown has served as the City’s contracted Finance Director since Council approval of his original contract on July 12, 2022. An additional contract was approved with an expiration of June 30, 2025.

The Challenge/Problem:

The City currently does not have an internal Finance Director/City Treasurer and these services are necessary for appropriate financial administration of the City. Mr. Brown has been operating in good faith in holdover status but a new, formal contract is needed.

Issues and Financial Impacts:

The contract amount is budgeted and is significantly lower than the costs of hiring an in-house Finance Director. Mr. Brown has also proposed a reduced rate so that the City has the capacity to contract out for bank reconciliations.

Elements of a Stable Solution:

A contract which will allow for continued professional monitoring and administration of City finances.

Options:

1. Do Nothing: The City will not have a formal agreement to provide Finance Director services and the contractor is under no obligation to continue providing services.
2. Amend the Contract: Suggest modifications to the contract as proposed.
3. Approve the Contract: Move to approve the contract as proposed.

Recommendation:

Staff recommends Option 3: Move to approve the contract for financial administration services as proposed.

PERSONAL SERVICES AGREEMENT

This PERSONAL SERVICES AGREEMENT (this “Agreement”) is made and entered into by and between the **City of Sweet Home, a municipality of the State of Oregon** (the “City”) and **Matt Brown Consulting** (“Contractor”).

RECITALS

- 1 **Need.** The City is in need of personal services for financial administration assistance, and the Contractor represents that it is qualified and prepared to provide such services.
- 2 **Purpose.** The purpose of this Agreement is to establish the services to be provided by the Contractor and the compensation and terms for such services.

AGREEMENT

- 3 **Engagement.** The City hereby engages Contractor to provide services (“Services”) related to financial administration, and Contractor accepts such engagement. The principal contact for Contractor shall be Matt Brown, phone 503-705-1041, email mattbrownconsultinggroup@gmail.com.
- 4 **Scope of Work.** The duties and responsibilities of Contractor, including a schedule of performance, shall be as described in Attachment A attached hereto and incorporated herein by reference.
- 5 **Term.** Subject to the termination provisions of Section 10 of this Agreement, this Agreement shall commence once executed by both parties and shall terminate on 06/30/2027. The City reserves the exclusive right to extend the contract with written notice acceptable by email from the City Manager and/or direction from the City Council.
- 6 **Compensation.** The terms of compensation for the initial term shall be as provided in Attachment A.
- 7 **Payment.**
 - 7.1 The City agrees to pay the Contractor for and in consideration of the faithful performance of the Services, and Contractor agrees to accept from the city as and for compensation for the faithful performance of the Services, the fees outlined in Attachment A.
 - 7.2 Contractor shall track work performed monthly pursuant to the agreed scope of work and shall provide a monthly invoice to the city. Following approval by the City Manager, billings shall be paid in full within thirty (30) days of receipt thereof. The City shall notify the Contractor of any disputed amount within fifteen (15) days from receipt of the invoice, give reasons for the objection, and promptly pay the undisputed amount. Disputed amounts may be withheld without penalty or interest pending resolution of the dispute.

7.3 The City may suspend or withhold payments if the Contractor fails to comply with any requirement of this agreement.

7.4 Contractor is engaged by the city as an independent contractor in accordance with the standards prescribed in ORS 670.600. Contractor shall not be entitled to any benefits that are provided by the City to employees.

8 Document Ownership. Contractor shall retain all common law, statutory and other reserved rights, including copyrights, in all work products, including, but not limited to, documents, drawings, papers, computer programs and photographs, performed or produced by Contractor for the benefit of the City under this Agreement, except that all copies of such plans, designs, calculations and other documents and renditions provided to the City shall become the property of the City who may use them without Contractor's further permission for any lawful purpose related to the project. Upon execution of this agreement, the Contractor grants to the City an irrevocable, nonexclusive license to use Contractor's work products created through its services for the project. The license granted under this section permits the City to authorize its contractors, subcontractors of any tier, consultants, subconsultants of any tier, and material or equipment suppliers, to reproduce applicable portions of the work products in performing services for the project. Any unauthorized use of the Contractor's work product for purposes unrelated to the project shall be at the City's sole risk and without liability to the Contractor.

9 Notices. All notices, bills, and payments shall be made in writing and may be given by personal delivery, mail, or emailed. Notices, bills, and payments sent by mail should be addressed as follows:

CITY: City Manager
3225 Main St.
Sweet Home, OR 97386
OR
jogden@sweethomeor.gov

CONTRACTOR: Matt Brown Consulting
3495 Sussex St.
Eugene, OR 97401
OR
mattbrownconsultinggroup@gmail.com

When so addressed, such notices, bills, and payments shall be deemed given upon deposit in the United States mail, postage-prepaid.

10 Standard of Care. Contractor shall comply with the applicable professional standard of care in the performance of the Services. Contractor shall prepare materials and deliverables in accordance with generally accepted standards of professional practice for the intended use of the project.

11 Termination.

11.1 Termination for Cause. City may terminate this Agreement effective upon delivery of written notice to Contractor under any of the following conditions:

11.1.1 If City funding from federal, state, local, or other sources is not obtained and continued at levels insufficient to allow for the purchase of the indicated quantity of service. This Agreement may be modified to accommodate a reduction in funding if agreed between both parties.

11.1.2 If the Contractor is unable to fulfill the obligations discussed in Exhibit A.

11.1.3 If the Contractor is in breach of this Agreement, and such breach is not remedied as contemplated in this agreement.

11.2 Breach of Agreement.

11.2.1 Contractor shall remedy any breach of this Agreement within the shortest reasonable time after Contractor first has actual notice of the breach or City notifies Contractor of the breach, whichever is earlier. If Contractor fails to remedy a breach within three (3) working days of its actual notice or receipt of written notice from the City, City may terminate that part of the Agreement affected by the breach upon written notice to Contractor, may obtain substitute services in a reasonable manner, and may recover from Contractor the amount by which the price for those substitute services exceed the price for same services under this Agreement.

11.2.2 If the breach is material and Contractor fails to remedy the breach within three (3) working days of receipt of written notice from the City, City may declare Contractor in default, terminate this Agreement and pursue any remedy available for a default.

11.2.3 Pending a decision to terminate all or part of this Agreement, City unilaterally may order the Contractor to suspend all or part of the services under this Agreement. If City terminates all or part of the Agreement pursuant to this section, Contractor shall be entitled to compensation only for services rendered prior to the date of termination, but not for any services rendered after the City ordered suspension of those services. If City suspends certain services under this Agreement and later orders Contractor to resume those services after determining Contractor was not at fault, Contractor shall be entitled to reasonable damages actually incurred, if any, because of the suspension.

11.3 Termination by Either Party.

11.3.1 Either party may terminate this Agreement by providing the other party with a written notice of such intention. The termination will become effective thirty (30) calendar days after the date of receipt of the notice, unless otherwise specified in the notice or agreed upon by both parties in writing.

11.3.2 Upon receipt of the termination notice, both parties shall fulfill all outstanding obligations and responsibilities under this Agreement until the effective date of termination.

11.3.3 Once terminated, neither party shall have any further obligations under this Agreement, except for any rights or obligations that by their nature should survive termination, including but not limited to, payment obligations, confidentiality commitments, and intellectual property rights.

11.3.4 Any notice of termination under this clause must be in writing and will be deemed effective: a. on the date of delivery if delivered personally; b. three (3) business days after being dispatched by certified or registered mail, postage prepaid; or c. the next business day if sent by recognized overnight delivery service.

12 No Third-Party Rights. This Agreement shall not create any rights in or inure to the benefit of any parties other than the City and Contractor.

13 Modification. Any modification of the provisions of this Agreement shall be set forth in writing and signed by the parties.

14 Waiver. A waiver by a party of any breach by the other shall not be deemed to be a waiver of any subsequent breach. All waivers shall be done in writing.

15 Indemnification.

15.1 Liability of Contractor for claims other than professional liability. For claims other than professional liability, Contractor shall defend, save, and hold harmless City, its officers, agents and employees from all damages, demands, claims, suits, or actions of whatsoever nature, including intentional acts, resulting from or arising out of the activities or omissions of Contractor. A claim for anything other than professional responsibility is a claim made against the City in which the City's alleged liability results from an act or omission by Contractor unrelated to the quality of professional services provided by the Contractor.

15.2 Liability of Contractor for claims for professional liability. For claims of professional liability, Contractor shall save, and hold harmless City, its officers, agents, and employees, from all claims, suits, or actions arising out of the professional negligent acts, errors or omissions of Contractor in the performance of professional services under this Agreement. A claim for professional responsibility is a claim made against the City in which the City's alleged liability results directly from the quality of the professional services provided by Contractor, regardless of the type of claims made against the City.

15.3 Contractor is not an agent of the City, as those terms are used in ORS 30.265.

16 Governing Laws. This Agreement shall be governed by the laws of the State of Oregon.

17 Compliance with Law.

17.1 Contractor shall comply with all applicable federal, state and local statutes, ordinances, administrative rules, regulations and other legal requirements in performance of this Agreement.

17.2 Contractor shall not permit any lien or claim to be filed or prosecuted against the City or its property on account of any labor or material furnished and agrees to assume responsibility for satisfaction of any such lien or claim so filed or prosecuted.

17.3 Contractor shall pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.617.

17.4 All sums due to the State Unemployment Compensation Fund from the Contractor in connection with the performance of the Agreement shall be promptly paid.

17.5 Contractor certifies compliance with all applicable Oregon tax laws, in according to ORS 305.385.

17.6 The Contractor represents and warrants that Contractor (i) is not currently an employee of the federal government or the State of Oregon, and (ii) meets the specific independent contractor standards of ORS 670.600.

17.7 Contractor shall not provide or offer to provide any appreciable pecuniary or material benefit to any officer or employee of City in connection with this Agreement in violation of ORS chapter 244.

17.8 Any other condition or clause required by law to be in this Agreement shall be considered included by this reference.

18 Confidentiality. The Contractor shall maintain the confidentiality, both external and internal, of that confidential information to which it is exposed by reason of this Agreement. Contractor warrants that its employees assigned to this Agreement shall maintain necessary confidentiality.

19 Public City. Contractor shall not use any data, pictures, or other representations of the City in its external advertising, marketing programs, or other promotional efforts except with prior specific written authorization from the City.

20 Succession. This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and such parties' partners, successors, executors, administrators and assigns.

21 Assignment. This Agreement shall not be assigned by Contractor without the express written consent of the City. Contractor shall not assign Contractor's interest in this Agreement or enter into subcontracts for any part of the Services without the prior written consent of the City.

- 22 Mediation/Dispute Resolution.** Should any dispute arise between the parties to this Agreement it is agreed that such dispute will be submitted to a mediator prior to any arbitration or litigation, and the parties hereby expressly agree that no claim or dispute arising under the terms of this Agreement shall be resolved other than first through mediation and, only in the event said mediation efforts fail, through litigation or binding arbitration. The parties shall exercise good faith efforts to select a mediator who shall be compensated equally by both parties. Mediation will be conducted in Linn County, unless both parties agree in writing otherwise. If arbitration is selected by the parties, the parties shall exercise good faith efforts to select an arbitrator who shall be compensated equally by both parties. Venue for any arbitration shall be Linn County. Venue for any litigation shall be the Circuit Court for Linn County.
- 23 Attorney Fees.** If legal action is commenced in connection with this Agreement, the prevailing party in such action shall be entitled to recover its reasonable attorney fees, expert fees and costs incurred therein at arbitration, trial and on appeal.
- 24 Records, Inspection and Audit by the City.** Services provided by Contractor and Contractor's performance data, financial records, and other similar documents and records of Contractor that pertain, or may pertain, to the Services under this Agreement shall be open for inspection by the City or its agents at any reasonable time during business hours. Upon request, copies of records or documents shall be provided to the City free of charge.
- 24.1** The City shall have the right to inspect and audit Contractor's financial records pertaining to the Services under this Agreement at any time during the term of this Agreement or within one (1) year after City makes final payment on this Agreement and all other pending matters are closed.
- 24.2** This Section is not intended to limit the right of the City to make inspections or audits as provided by law or administrative rule.
- 25 Force Majeure.** Neither City nor Contractor shall be considered in default because of any delays in completion and responsibilities hereunder due to causes beyond the control and without fault or negligence on the part of the parties so disenabled, including but not restricted to, an act of God or of a public enemy, civil unrest, volcano, earthquake, fire, flood, epidemic, quarantine restriction, area-wide strike, freight embargo, unusually severe weather or delay of subcontractor or supplies due to such cause; provided that the parties so dis-enabled shall within ten days from the beginning of such delay, notify the other party in writing of the cause of delay and its probable extent. Such notification shall not be the basis for a claim for additional compensation. Each party shall, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and shall, upon cessation of the cause, diligently pursue performance of its obligation under the Agreement.
- 26 Entire Agreement.** This Agreement contains the entire agreement between the parties and supersedes all prior written or oral discussions or agreements regarding the Services described herein.

27 Severance. If any provision of this Agreement is held to be invalid, it will not affect the validity of any other provision. This Agreement will be construed as if the invalid provision had never been included.

28 Insurance. Consultant shall, at its own expense, at all times during the term of this agreement, maintain in force:

28.1 A professional liability policy with minimum coverage of at least \$500,000 combined single limit. Certificates of Insurance shall be provided to the City upon request.

DRAFT

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its duly authorized undersigned agent, and Contractor has executed this Agreement on the date written below.

CITY:

CONTRACTOR:

Signature: _____

Signature: _____

Print: _____

Print: _____

Title: _____

Title: _____

Date: _____

Date: _____

DRAFT

ATTACHMENT A
Scope of Work & Compensation

Financial Policies

- Yearly review of Financial and Investment Policies
- Provide recommendations as needed

Audit

- Complete scheduled workpapers with support from city staff
- Complete audit requests with support from city staff
- Act as liaison between Auditor and City staff
- Present completed audit to City Manager and City Council with auditors

Annual City Budget

- Complete Salary & Benefit forecasting spreadsheet with support from City staff
- Review and update General Fund Support Service Charges
- Create budget sheets for staff to enter year-end estimates and new year expenditures.
- Update Capital Improvement Plan with support from city staff
- Create Resolutions for the following:
 - Declaring city election to receive state shared revenues
 - Certifying city provides services to receive state shared revenues
 - Electing a Budget Officer
 - City budget adoption of appropriations and levying taxes
- Complete State of Oregon LB1 form. City will publicize in local paper for Budget Public Hearing regarding a City Council meeting for adoption of the budget.
- Complete State of Oregon LB50 and deliver to Linn County by July 15th deadline
- Create a final budget document for city adoption prior to June 30th
- Budget Committee Meetings:
 - Assist in preparation for staff discussions
 - Prepare presentation, materials, and agenda for the Budget Committee
 - Create notices for budget committee meetings and public hearings. City will publicize it in the local paper

Utility Billing Forecasting & Rate Study

- Consultant will provide Utility Billing forecasts updated yearly once the budget is completed for staff and council to review and adjust utility rates if necessary
- Utility Rate studies will include Water, Sewer, and Storm funds

Financial Reports

- Present a written quarterly financial report to City Manager and City Council that includes an overview of the financial status of each fund, current budget year status, and any recommendations or changes that may need further review/discussion
- Prepare a monthly financial report for the City Manager

Payroll Reporting

- Complete federal 941 Reports for payroll and submit to the Finance office for processing and payment if necessary
- Complete Quarterly Oregon Reports for payroll and submit online for completion, submitting to Finance any payment notice if necessary

Bank Reconciliations

- Complete bank reconciliations for LGIP State Pool account and Zions Bank account on a regular basis. The City's main operating bank account will be reconciled by Merina and Company unless both parties agree to make additional changes

Virtual Check-Ins

- Contractor will be available for virtual meetings to meet with staff as requested

Council Meeting Attendance

- Contractor will attend one council meeting per month at the discretion of the City Manager (if the contractor is unable to attend in person, attendance virtually will be allowed)

Ongoing City-Maintained Tasks

- The city will maintain a city email for the consultant to use. The contractor will review emails no less than every two (2) days to ensure all requests are met from staff. For feedback needed quickly, the city shall call or text the consultant for more prompt attention. Consultant will inform City Manager and Finance Operations Manager if the consultant will not be available to respond or review emails for any reason or if there is a temporary leave of absence such as vacation or other.

Rate of Pay

- \$60,000 per year (\$5,000 per month) through June 2027



REQUEST FOR COUNCIL ACTION

Title: Request for Council Action – Adopting the Action Plan for the FY 2023 Audit

Preferred Agenda: January 13, 2026

Submitted By: Cecily Hope Pretty, Deputy City Manager

Reviewed By: Jason Ogden, City Manager / Police Chief

Type of Action: Motion Resolution Reading Roll Call

Relevant Code/Policy: ORS 297.466

Towards Council Goal: Effective Government, Economic Strength

Attachments: FY23 Audit Action Plan Letter
FY23 Audit Report
FY23 Audit Communication with Those Charged with Governance
FY23 Communication of Significant Deficiency or Material Weakness

Purpose of this RCA:

The purpose of this RCA is to adopt the City’s response and action plan to the findings noted in the Fiscal Year 2022-2023 audit.

Background/Context:

Sweet Home City Council received a presentation on the FY 2023 audit from Ryan Pasquarella of RedW. Two material weaknesses were identified related to account reconciliations and failure to submit audited financial statements timely.

The Challenge/Problem:

Oregon Revised Status 297.466 requires municipalities to adopt a plan of action to address any identified deficiencies in their annual audit.

Issues and Financial Impacts:

There are no financial impacts associated with this request.

Elements of a Stable Solution:

Compliance with ORS 297.466.

Options:

1. Do nothing: The City will be in violation of ORS 297.466.
2. Move to adopt the Action Plan with amendments: Propose revisions to the Action Plan.
3. Move to adopt the Action Plan as presented: Accept the Action Plan as outlined in the attached letter from the City's Finance Director.

Recommendation:

Staff recommends option #3: Move to adopt the Action Plan as presented.



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

January 13, 2026

During the City of Sweet Home's Financial Audit for Fiscal Year 2023, two material weaknesses were found. Please accept this letter as acknowledgement and as our corrective action plan moving into the future.

Weakness One – Account Reconciliations

During the process, auditors noted that periodic reconciliations on accounts were not performed in a timely manner. The reason for this was mainly due to turnover and a loss of staff at the Finance Director position. Our corrective action has already been put in place with the hiring of a new Finance Director and additional consulting support to ensure that reconciliations for all bank accounts are done in a timely manner. This has been noted in the final auditor's report.

Weakness Two – Failure to Submit Financial Statements Timely

According to the Oregon state regulations, the city should have submitted audited financial statements for Fiscal Year 2023 no later than December 31st, 2024. These statements are being submitted to the state as of January 2026. As noted in the previous weakness, the City lost its Finance Director during the FY 2023 year and did not previously have the 2022 Financial Statements submitted. The City hired a consultant as their Finance Director and additional staff to begin working on getting caught up. Fiscal year 2022 was completed and submitted, then directly beginning into 2023, which is being submitted now. Work has already begun for Fiscal Year 2024 with anticipation of completion by early 2026. Fiscal Year 2025 is anticipated to be completed later in 2026. The desire and hope of the City is to then have the current Fiscal Year 2026 audited by the end of 2026 or early 2027 which would put the City back on track for timely audits and creation of Financial Statements.

If you have any questions or concerns, please contact me at your convenience.

Matthew Brown
City of Sweet Home
Contracted Finance Director
mbrown@sweethome.or.gov
503-705-1041 (Cell)



City of Sweet Home

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

redw
Advisors & CPAs

CITY OF SWEET HOME
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CITY OF SWEET HOME

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CITY OF SWEET HOME
CITY OFFICIALS
JUNE 30, 2023

MAYOR

Term Expires

Susan Coleman, Mayor

December 31, 2026

CITY COUNCIL MEMBERS

Greg Mahler, President Pro-Tem

December 31, 2024

Dylan Richards

December 31, 2026

Lisa Gourley

December 31, 2024

Angelita Sanchez

December 31, 2024

Joshua Thorstad

December 31, 2026

Dave Trask

December 31, 2024

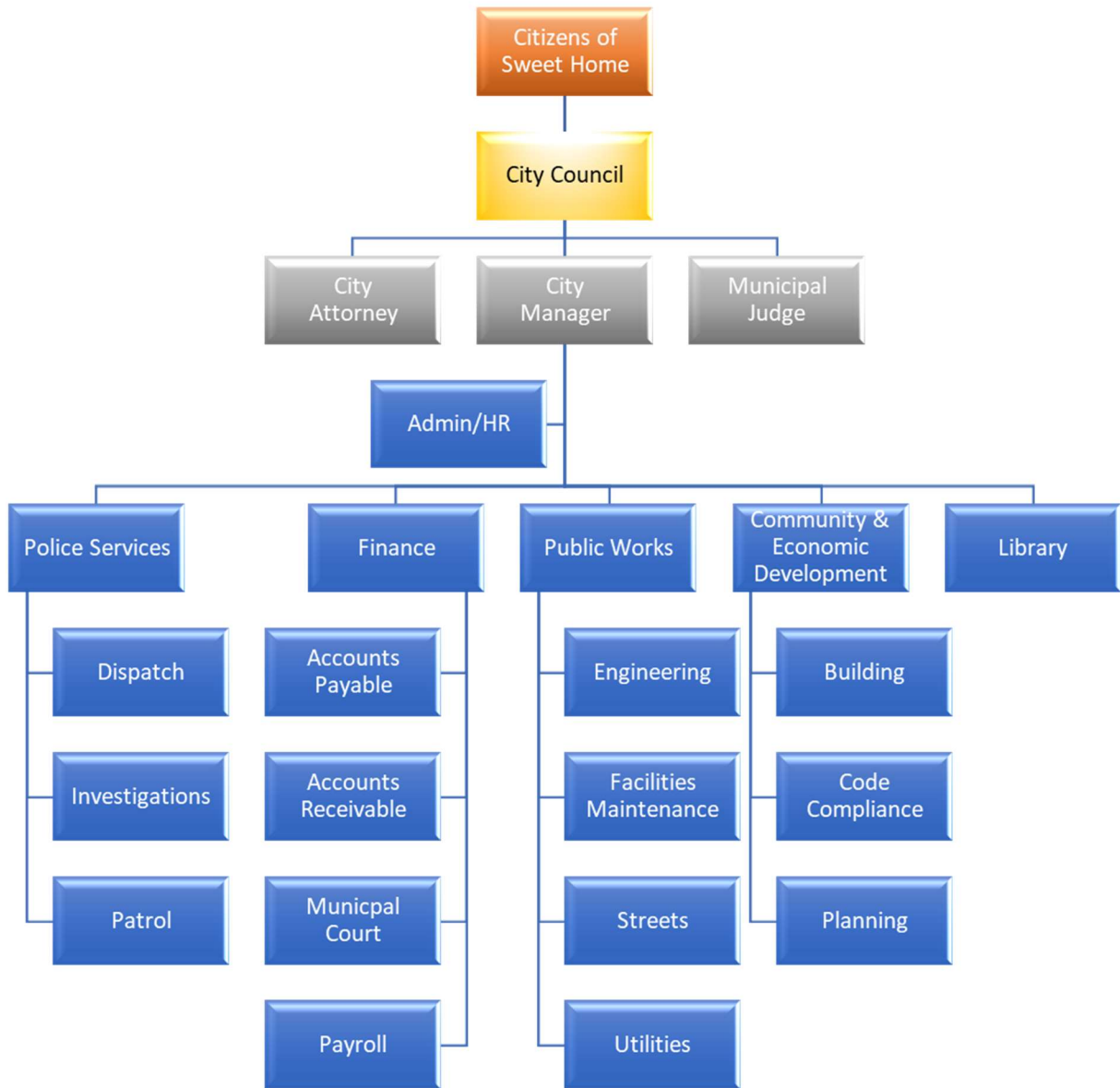
The above individuals may be contacted at the address below

CITY ADMINISTRATION

Jason Ogden, City Manager
Robert Snyder, City Attorney
Matt Brown, Finance Director (Contracted)
W. Blair Larsen, Community and Economic Development Director
Jeff Lynn, Police Chief
Rose Peda, Library Director
Greg Springman, Public Works Director

MAILING ADDRESS

City Hall
3225 Main Street
Sweet Home, Oregon 97386
(541) 367-5128



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

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



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

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

This discussion and analysis present the highlights of financial activities and financial position for the City of Sweet Home. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the city.

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

FINANCIAL HIGHLIGHTS

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

Overall, the City's net position increased \$7,143 thousand (or 17%). The majority of this increase was shown in Business-Type activities, which is a result of revenues exceeding budget and previous years in the city's proprietary funds of Water, Sewer, and Stormwater.

REPORT LAYOUT

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

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

- 1) Independent Auditor's Report – This section outlines the overview of the entire audit and states most importantly what opinion is given of the financial statements.
- 2) Management's Discussion and Analysis – This section allows management to discuss and highlight financial activities that make up the financial statements and discuss notable changes from the previous years or expectations in future years dependent on economic factors that may affect the city.
- 3) Basic Financial Statements – This section presents the basic financial statements that include a State of Net Position, Statement of Activities, Notes on the basic Financial Statements and a financial statement for each fund the city operates.
- 4) Other Required Supplementary Information – Other required information typically entails combining statements, budgetary comparisons, PERS (Public Employees Retirement System) schedules, and OPEB (Other Post Employment Benefits) schedules.
- 5) Reports by Independent CPA – This is the auditor's opinion regarding the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of American

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

FUND FINANCIAL ANALYSIS: GOVERNMENTAL FUNDS

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

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

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

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

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

FUND FINANCIAL ANALYSIS: PROPRIETARY FUNDS

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

Water Operations. Water operations accounts for the operation of the City's water department and facilities. The net position of the Water Operations Fund increased by \$90 thousand.

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

FUND BALANCES

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

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

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

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

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

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

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

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business activities as of year-end was \$44 million (net of accumulated depreciation). This is an increase of about \$4 million from the prior year. This investment in capital assets includes land, construction in progress, building and improvements, equipment, and infrastructure.

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

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

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

Table 6
Changes in Capital Assets
(in thousands)

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

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

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

Long-Term Debt

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

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

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

The City policy allows for total debt of \$28.9 million based on today's Real Market Value (RMV) of property within city limits. For the existing loans, final payments range from 2023 through the last payment in 2040. Looking forward into the future, the city has continued design work on a Sewer Treatment Plant that will begin in the coming years. The city is anticipating taking out additional debt to help finance this project as it gets closer.

MAJOR INITIATIVES

Fiscal Stability

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

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

CITY OF SWEET HOME, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2023

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

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

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

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

General Revenues:

Property taxes
Franchise taxes
Intergovernmental
Miscellaneous

Total General Revenues

Transfers

Change in net position

Net Position - beginning of year

Restatement

Net Position - beginning of year as restated

Net Position - end of year

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

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

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

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

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

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

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

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

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

CITY OF SWEET HOME, OREGON
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund Balances \$ 13,174,452

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	1,667,528
Court receivables, net of allowance	(1,055,009)

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	44,119,922
Accumulated depreciation	(32,801,148)

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	(59,295)
Accrued compensated absences	(206,086)
Net pension liability	(1,561,508)
Net OPEB liability	(85,452)

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	662,871
Deferred inflows of resources	(904,221)

Net Position of Governmental Activities	\$ 22,952,054
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CITY OF SWEET HOME, OREGON

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

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

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

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

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

CITY OF SWEET HOME, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 2,514,921
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	436,441
Governmental funds do not report expenditures for unpaid compensated absences since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	(10,495)
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.	
Capital outlay expenditures	500,000
Depreciation	(1,232,774)
Net book value of dispositions	(139,133)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.	
Interfund loan	600,794
Capital and right to use leased assets paid	10,498
Current year PERS pension and OPEB expense related to the change in net pension liability, OPEB and related deferred inflows and outflows are reported as expenses in the Statement of Activities, but are not recorded as expenditures in the governmental funds.	(105,184)
Change in Net Position of Governmental Activities	<u>\$ 2,575,068</u>

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

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

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

CITY OF SWEET HOME, OREGON

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

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

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

CITY OF SWEET HOME, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

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

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

CITY OF SWEET HOME, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
YEAR ENDED JUNE 30, 2023

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basic Financial Statements

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

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

The City reports the following major governmental funds:

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

Special Revenue Funds

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following nonmajor enterprise funds:

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

Fund Balance

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

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

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

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

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

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

Definitions of Governmental Fund Types

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Definitions of Governmental Fund Types (Continued)

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Investments

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

Receivables and Unavailable Revenues

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

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

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

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

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

Inventory

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflows of resources related to pensions and other post-employment benefits for contributions made after the June 30, 2022, measurement date.

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

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

Pension

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

Accrued Compensated Absences

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

Encumbrances

The City does not utilize encumbrances.

Budget and Budgetary Accounting

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting (Continued)

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

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

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

CASH AND INVESTMENTS

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

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

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

CASH AND INVESTMENTS (Continued)

Deposits

The book balance of the City's bank deposits with various financial institutions was \$2,614,801 and the bank balance was \$2,617,755 at year-end. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2023, \$2,117,755 of the City's bank balances were covered by the PFCP.

Custodial Credit Risk - Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. At June 30, 2023, the carrying value of the position in the Oregon State Treasurer's Short-Term Investment Pool approximates fair value. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

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

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

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

CASH AND INVESTMENTS (Continued)

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

Fair Value Measurements

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

The classification of securities within this fair value hierarchy is based on activity level in the market for the security type, and the inputs used to determine their fair value as follows: Level 1 – Unadjusted quoted prices for identical instruments in active markets; Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable based on market data obtained from sources independent of the reporting entity; and Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable (based on the best information available regarding assumptions market participants would use in pricing the asset). As of June 30, 2023, the City's investments in corporate and municipal bonds are classified as level 2.

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

CAPITAL ASSETS

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

Business-type Activities

	Balances June 30, 2022	Increases	Decreases	Balances June 30, 2023
NON-DEPRECIABLE CAPITAL ASSETS				
Construction in progress-sewer	\$ 16,615,920	\$ -	\$ -	\$ 16,615,920
<i>Total non-depreciable capital assets</i>	16,615,920	-	-	16,615,920
DEPRECIABLE CAPITAL AND LEASED ASSETS				
Equipment - water	446,379	-	(178,120)	268,259
Equipment - sewer	433,005	-	(21,350)	411,655
Equipment - storm water	1,886	-	(1,806)	80
Water facilities	12,235,540	654,201	-	12,889,741
Sewer facilities	12,010,078	5,154,880	-	17,164,958
Stormwater Infrastructure	10,296,700	-	-	10,296,700
Right to use leased assets	154,678	-	-	154,678
<i>Total depreciable capital and leased assets</i>	35,578,266	5,809,081	(201,276)	41,186,071
CAPITAL AND LEASED ASSETS DEPRECIATION/AMORTIZATION				
Equipment - water	(214,723)	(44,638)	141,421	(117,940)
Equipment - sewer	(433,005)	-	21,350	(411,655)
Equipment - storm water	(1,700)	(19)	1,639	(80)
Water facilities	(3,813,892)	(305,889)	-	(4,119,781)
Sewer facilities	(9,705,131)	(415,398)	-	(10,120,529)
Stormwater Infrastructure	(10,296,700)	-	-	(10,296,700)
Right to use leased assets - accumulated amortization	(14,548)	(30,750)	-	(45,298)
<i>Total capital asset accumulated depreciation/amortization</i>	(24,479,699)	(796,694)	164,410	(25,111,983)
<i>Business-type activities capital assets, net</i>	\$ 27,714,487	\$ 5,012,387	\$ (36,866)	\$ 32,690,008

Depreciation of \$796,694 was charged to business-type activities in the same amounts as shown.

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

CAPITAL ASSETS (Continued)

Governmental Activities

	<i>Balances June 30, 2022</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2023</i>
NON-DEPRECIABLE CAPITAL ASSETS				
Land and improvements	\$ 3,534,180	\$ -	\$ -	\$ 3,534,180
Construction in progress	488,882	-	-	488,882
<i>Total Non-depreciable capital assets</i>	4,023,062	-	-	4,023,062
DEPRECIABLE CAPITAL AND LEASED ASSETS				
Buildings	10,715,922	-	-	10,715,922
Equipment	2,860,255	-	(765,875)	2,094,380
Infrastructure	26,734,068	500,000	-	27,234,068
Right to use leased assets	52,490	-	-	52,490
<i>Total depreciable capital and leased assets</i>	40,362,735	500,000	(765,875)	40,096,860
CAPITAL AND LEASED ASSETS DEPRECIATION/AMORTIZATION				
Buildings - accumulated depreciation	(6,394,640)	(267,898)	-	(6,662,538)
Equipment - accumulated depreciation	(2,014,362)	(286,026)	626,743	(1,673,645)
Infrastructure - accumulated depreciation	(23,779,426)	(668,352)	-	(24,447,778)
Right to use leased assets - accumulated amortization	(6,689)	(10,498)	-	(17,187)
<i>Total capital asset accumulated depreciation/amortization</i>	(32,195,117)	(1,232,774)	626,743	(32,801,148)
<i>Governmental activities capital assets, net</i>	\$ 12,190,680	\$ (732,774)	\$ (139,132)	\$ 11,318,774

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

LONG-TERM DEBT

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

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

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

LONG-TERM DEBT (Continued)

Governmental Activities - Direct Borrowings

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

\$ 23,992

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

<i>Fiscal Year Ending June 30,</i>	<i>Payments</i>
2024	\$ 6,498
2025	6,498
2026	6,498
2027	4,498
	<u>\$ 23,992</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 loan amount to \$7,500,000. This loan was made under a promissory note and a related loan agreement under which the City has pledged revenue of its Water Fund and also its taxing power under Article XI, Section 11 of the Constitution of the State of Oregon. Interest is set at 1.00% per annum. The State of Oregon has assigned the City's obligations under this loan agreement to a trustee under the State's bond indenture as security for the bonds issued by the State of Oregon. Funds will be disbursed from the State's Clean Water State Revolving Loan Fund. Final payment is scheduled for 2039-40. In the event of default, the loan becomes immediately due and payable.

\$ 4,371,806

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

\$ 2,250,000

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

LONG-TERM DEBT (Continued)

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

\$ 4,800,000

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

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

RIGHT TO USE - LEASES PAYABLE

The City has a lease agreement for seven vehicles with various payment amounts and expiration dates. The yearly payments in place at June 30, 2023, total \$52,742 per year, with the newest lease expiring in 2027. The lease payable was calculated using a discount rate of 1.57%.

As of and for the year ended June 30, 2023, the City's lease payable activity was as follows:

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

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

RIGHT TO USE - LEASES PAYABLE (Continued)

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

<i>Fiscal Year Ending June 30,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2024	\$ 10,498	\$ 2,554	\$ 30,749	\$ 8,941
2025	10,498	2,554	30,749	8,941
2026	10,498	2,554	30,749	8,941
2027	3,809	928	17,134	5,165
	<u>\$ 35,303</u>	<u>\$ 8,590</u>	<u>\$ 109,381</u>	<u>\$ 31,988</u>

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

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

Benefits Provided

Tier One/Tier Two Retirement Benefit

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

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

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

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

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

OPSRP Pension Program

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

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

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

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2020, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2022. The City's contribution rates for the period were 13.71% for Tier One/Tier Two members, 5.66% for OPSRP General Service members, and 10.02% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" were \$115,782.

Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to contribute the 6% "pick-up" or \$60,071 of the employees' contribution.

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

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

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2023, the City recognized pension expense of \$118,073. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 75,799	\$ 9,738
Changes of assumptions	245,009	2,238
Net difference between projected and actual earnings on investments	-	279,167
Changes in proportionate share	197,994	72,379
Differences between employer contributions and employer's proportionate share of system contributions	-	402,117
Contributions subsequent to measurement date	115,782	-
	<u> </u>	<u> </u>
Total	<u>\$ 634,584</u>	<u>\$ 765,639</u>

Deferred outflows of resources related to pensions of \$115,782 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	
<u> </u>	
2024	\$ (14,236)
2025	(80,390)
2026	(182,000)
2027	62,646
2028	(32,857)
	<u> </u>
Total	<u>\$ (246,837)</u>

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial methods and assumptions:

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

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

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

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Long-Term Expected Rate of Return

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

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.
² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.
³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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

Discount Rate

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

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

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 2,769,199	\$ 1,561,508	\$ 550,726

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

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Pension Plan Fiduciary Net Position

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

DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the ICMA IRC Section 401 defined contribution pension plan agreement for all full-time general and emergency services employees who are union members and not covered by another retirement plan, the City’s contribution rate is 12% of the employee’s salary. There is no mandatory or voluntary employee contribution, and the plan does not provide for employer “pick-up” of any employee contributions. The City’s contribution to this plan for fiscal year ended June 30, 2023, totaled \$189,936 on \$1,661,936 of covered payroll.

Under the ICMA IRC Section 401 defined contribution pension plan agreement for non-contractual employees the City’s contribution rate is 15.7% of the non-contractual employee’s salary. The non-contractual employees also have a mandatory 1.0% contribution based on their salary. The City’s contribution to the money purchase pension plan for the non-contractual employees for the fiscal year ended June 30, 2023, was \$173,021 on \$1,096,870 covered non-contractual City payroll.

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

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

Deferred Compensation

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Financial Statement Presentation

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

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

Implicit Rate Subsidy

Plan Description

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

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

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2021, the following employees were covered by the benefit terms:

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

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

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

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

Deferred outflows of resources related to OPEB of \$645 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

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

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

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2022, valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation rate of 2.50%, projected salary increases of 3.50%, discount rate of 2.16%, medical and vision varies between 7.00% and 5.00% (due to the timing of the excise tax scheduled to affect health care benefits), dental at 4.50%, and mortality rates based on the RP-2014 healthy annuitant, sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and setbacks.

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

Changes in the Total OPEB Liability

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

Sensitivity of the Total OPEB Liability

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

Discount Rate:

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

Healthcare Cost Trend:

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2023

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account

Plan Description

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

Benefits Provided

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2020, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2022. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2022, contributions was \$180.

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

At June 30, 2023, the City reported an asset of \$25,969 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2022. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2022, the City's proportionate share was 0.00731%, which is an increase from its proportion of 0.00951% as of June 30, 2021.

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

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

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

Deferred outflows of resources related to OPEB of \$180 resulting from the City’s contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Actuarial Methods and Assumptions

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

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

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

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

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

OPEB Plan Fiduciary Net Position

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

COMMITMENTS AND CONTINGENCIES

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

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

TRANSFERS

Interfund transfers on a budgetary basis for the year ended June 30, 2023, consisted of the following amounts:

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

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

TRANSFERS (Continued)

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

INTERFUND RECEIVABLES AND PAYABLES

In 2019, the Water Depreciation Reserve fund issued an \$800,000 interfund loan to the Building Reserve fund for construction of the new city hall. Annual payments of principal plus interest at 2.50% are required through December 2028. This loan was forgiven in September 2023 by the city council through resolution 22.

In 2020, the Street Improvement fund issued a \$206,186 interfund loan to the Street Maintenance Fund for the purchase of a street sweeper. Annual payments of principal are required through December 2025. This loan was forgiven in September 2023 by the city council through resolution 23.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits expenditures in excess of Council approved appropriations. Expenditures in excess of appropriations in individual funds for the year ended June 30, 2023, occurred as follows:

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

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

BEGINNING BALANCE ADJUSTMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

	<i>Proportion of the Net Pension Liability (Asset)</i>	<i>Proportionate Share of the Net Pension Liability (Asset)</i>	<i>Covered Payroll</i>	<i>Proportionate Share of the NPL(A) as % of its Covered Employee Payroll</i>	<i>Plan Fiduciary Net Position as % of the Total Pension Liability</i>
2023	0.0102%	\$ 1,561,508	1,112,487	140.4%	84.5%
2022	0.0107%	1,283,567	813,732	157.7%	87.6%
2021	0.0101%	2,197,068	1,158,783	189.6%	75.8%
2020	0.0089%	1,546,617	1,179,840	131.1%	80.2%
2019	0.0071%	1,072,333	1,054,603	101.7%	82.1%
2018	0.5700%	777,872	1,064,041	72.5%	83.1%
2017	0.2600%	384,674	985,491	39.0%	80.5%
2016	0.0000%	-	935,590	0.0%	103.6%
2015	0.0000%	-	859,981	0.0%	103.6%
2014	0.0000%	-	763,360	0.0%	92.0%

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

CITY OF SWEET HOME, OREGON

SCHEDULE OF THE CITY'S CONTRIBUTIONS – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
2023	\$ 115,782	\$ (115,782)	\$ -	\$ 1,112,487	12.35%
2022	100,469	(100,469)	-	813,732	12.35%
2021	105,869	(105,850)	-	1,158,783	9.14%
2020	115,850	(115,850)	-	1,179,840	9.82%
2019	77,552	(77,552)	-	1,054,603	7.35%
2018	78,084	(78,084)	-	1,064,041	7.34%
2017	33,298	(33,298)	-	985,491	3.38%
2016	30,422	(30,422)	-	935,590	3.25%
2015	20,843	(20,843)	-	859,981	2.42%
2014	18,502	(18,502)	-	763,360	2.42%

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

CITY OF SWEET HOME, OREGON

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

	Service cost	Interest on total OPEB liability	Effect of economic/demographic gains or (losses)	Effect of assumption change or inputs	Benefit payments	Net change in total OPEB liability	Net OPEB liability, beginning	Net OPEB liability, ending	Covered payroll	Total OPEB liability as a % of covered payroll
2023	\$ 23,448	\$ 5,640	\$ (102,143)	\$ (29,745)	\$ (7,316)	\$ (110,116)	\$ 241,281	\$ 131,165	\$ 1,112,487	11.8%
2022	22,757	5,349	-	1,144	(14,451)	14,799	226,482	241,281	813,732	29.7%
2021	18,485	9,960	(54,963)	(2,018)	(21,969)	(50,505)	276,987	226,482	3,377,811	6.7%
2020	16,410	10,382	-	8,173	(19,497)	15,468	261,519	276,987	3,365,364	8.2%
2019	15,436	7,272	44,767	12,283	(11,750)	68,008	193,511	261,519	3,092,386	8.5%
2018	16,475	5,805	-	(11,880)	(8,141)	2,259	191,252	193,511	3,087,862	6.3%

Notes:

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

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

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

CITY OF SWEET HOME, OREGON

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

	<i>Proportion of the Net OPEB Liability (Asset)</i>	<i>Proportionate Share of the Net OPEB Liability (Asset)</i>	<i>Covered Payroll</i>	<i>Proportionate Share of the Net OPEB Liability (Asset) as % Covered Payroll</i>	<i>Plan Fiduciary Net Position as % of Total Pension Liability</i>
2023	0.0073%	\$ (25,969)	\$ 1,112,487	-4.0%	194.6%
2022	0.0095%	(32,653)	813,732	-4.0%	183.9%
2021	0.0092%	(18,741)	1,158,783	-1.6%	144.4%
2020	0.0098%	(18,885)	1,179,840	-1.6%	124.0%
2019	0.0102%	(11,338)	1,054,603	-1.1%	108.9%
2018	0.0096%	(4,021)	1,064,041	0.4%	94.2%
2017	0.0097%	2,646	985,491	0.3%	94.2%

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

CITY OF SWEET HOME, OREGON

SCHEDULE OF THE CITY'S CONTRIBUTIONS

**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST SEVEN FISCAL YEARS¹**

	<u>Contractually Required Contributions</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as % of Covered Payroll</u>
2023	\$ 180	\$ (180)	\$ -	\$ 1,112,487	0.03%
2022	282	(282)	-	813,732	0.03%
2021	585	(585)	-	1,158,783	0.05%
2020	4,849	(4,849)	-	1,179,840	0.41%
2019	4,875	(4,875)	-	1,054,603	0.46%
2018	4,796	(4,796)	-	1,064,041	0.45%
2017	2,646	(2,646)	-	985,491	0.27%

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

OTHER SUPPLEMENTARY INFORMATION

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

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

CITY OF SWEET HOME, OREGON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2023

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

CITY OF SWEET HOME, OREGON

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

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

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

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

CITY OF SWEET HOME, OREGON

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

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

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

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

CITY OF SWEET HOME, OREGON

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

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

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

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

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Sweet Home, Oregon as of and for the year ended June 30, 2023, and have issued our report thereon dated October 31, 2025.

Compliance and Other Matters

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

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

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

In connection with our testing, certain items came to our attention that caused us to believe the City was in substantial non-compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations detailed as follows:

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

Internal Control Over Financial Reporting

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

A material weakness and a significant deficiency in internal controls were reported to management in a letter dated October 31, 2025.

Restriction on Use

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



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sweet Home (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks:

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

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

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

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

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

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

An uncorrected misstatements was identified as follows:

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

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

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

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

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

Restriction on Use

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

REDW LLC

Salem, Oregon
October 31, 2025

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

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

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

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

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

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

Adjusting Journal Entries JE # 4

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

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

Adjusting Journal Entries JE # 5

To record CY ROU asset amortization

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

Adjusting Journal Entries JE # 6

To reclass principal portion for CY lease expense

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

Adjusting Journal Entries JE # 7

To adjust fund balance to agree to prior year financial statements

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

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

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

Adjusting Journal Entries JE # 8

To reverse fund consolidation posted incorrectly.

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

Adjusting Journal Entries JE # 9

To expense prior year prepaid expenses

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

Adjusting Journal Entries JE # 10

To correct allocation of interest for FF&C Spring payment

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

Adjusting Journal Entries JE # 11

To reallocate prior year principal payments for 2021 FFC bonds

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

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

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

Adjusting Journal Entries JE # 12

To record changes in inventory balance

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

Adjusting Journal Entries JE # 13

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

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

Adjusting Journal Entries JE # 14

To clear out liability account with incorrect activity

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

Adjusting Journal Entries JE # 15

To correct balances in capital assets to reflect CY

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

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

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

Adjusting Journal Entries JE # 16

To accurately record compensated absences payable

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

Adjusting Journal Entries JE # 17

To adjust accrued interest to actual.

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

Adjusting Journal Entries JE # 18

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Financial Statements

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

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

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

Information Provided

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

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



 Jason Ogden, City Manager / Police Chief



 Matt Brown, Consultant

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

In planning and performing our audit of the financial statements of the City of Sweet Home (the City) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*: The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*: The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiency in the City's internal control to be a material weakness in the current year:

ACCOUNT RECONCILIATIONS *(Continuation from Prior Year)*

Situation

During our audit, we noted that periodic reconciliations on various major accounts was not performed in a timely manner (cash, accounts payable, accrued liabilities, and interest revenues allocations). It is important to reconcile subsidiary ledgers or supporting schedules to the general ledger to ensure the accuracy of financial information and minimize the risk of misstatement or misappropriation.

Recommendation

We strongly recommend that a policy be implemented, whereby all subsidiary ledgers and/or supporting schedules are reconciled to the general ledger or on a monthly or otherwise timely basis. We also recommend that appropriate management-level personnel review the reconciliations for accuracy and document evidence of their review for audit purposes.

Management's Response

Turnover in management and the Finance Director position after the end of the fiscal year under audit caused the difficulty in reconciling accounts in a timely manner. The lack of reconciliation was known at the conclusion of the prior year audit and the City expects to correct this deficiency for fiscal year 2024 and have hired consultants to assist bringing the City's reconciliations and financial records current with appropriate review mechanisms.

FAILURE TO SUBMIT AUDITED FINANCIAL STATEMENTS TIMELY *(Continuation from Prior Year)*

Situation

According to Oregon state regulations, municipalities are required to submit audited financial statements within six months of the fiscal year end. For a fiscal year ending on June 30, the audited financial statements must be submitted by December 31 of the same year. The financial statements for the fiscal year ended June 30, 2023, were submitted in November 2025, causing the City to be out of compliance.

Failure to submit the audited financial statements timely can have several adverse effects, including:

- Noncompliance with state regulations.
- Reduced transparency and accountability to the City's stakeholders, including residents, investors, and regulatory bodies.
- Potential impacts on the City's credit rating, which could affect future borrowing costs and the ability to finance public projects.

Recommendation

It is recommended that the City establish and implement a plan to ensure the timely preparation and submission of audited financial statements. This plan should include:

- Assigning clear responsibilities and deadlines for financial reporting tasks.
- Ensuring adequate staffing and resources are allocated to the financial reporting process.
- Establishing regular communication and coordination with external auditors to monitor progress and address any issues promptly.
- Implementing internal controls and monitoring mechanisms to ensure adherence to reporting timelines.

Management's Response:

The City's management concurs with the finding and acknowledges the importance of timely submission of audited financial statements. Steps are being taken to address the weaknesses identified, including maintaining established staff, improving internal processes, and enhancing coordination with the external auditors. The management commits to implementing these measures to ensure future compliance with the submission deadlines.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance of the City of Sweet Home the scope of our testing of internal control over financial reporting and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

REDW LLC

Salem, Oregon
October 31, 2025



City of Sweet Home
 Sweet Home Public Library
 1101 13th Avenue
 Sweet Home, OR 97386
 541-367-5007

Sweet Home Public Library

Statistics

December 2025	This month Dec2025	Last month Nov 2025	Previous year 2024	Year to date 2025
Patron Activity				
Door count	3,288	3238	45,620	45,306
Program participants (all ages)	109	111	3,697	4,414
Total programs (all ages)	17	15	323	322
Circulation and Renewals				
Checkouts & renewals	5572	5335	72,250	73,684
E-audio & E-book checkouts	812	792	8,860	9,233
Total items checked out	6,384	6127	81,110	82,920
Public Computers				
Logins	260	230	3,016	2,932
Resource Sharing Savings				
Cost savings	\$4862.21	5381.58	\$63,565.22	\$64,434.93
Items borrowed by consortium libraries	341	325	4,300	4,616
Items borrowed from consortium libraries	506	402	5,127	5,662
Volunteer Hours				
Hours worked by volunteers	40	23.5	450.50	401
New Library Patrons				
New patron cards issued	12	20	620	449

Events this month:

Building updates:

Items of note:

HAPPY NEW YEAR!

JANUARY 2026 SWEET HOME PUBLIC LIBRARY NEWSLETTER

KID'S CLOTHING DRIVE AND GIVEAWAY

We are currently taking donations of clothing appropriate for newborn to about age 12. New and gently used clothing, shoes and accessories for all seasons will be accepted during the library's open hours.



We will be giving away all of these donations on Monday January 26th from 3-5pm at the Library.

No ID or statement of need is necessary. All are welcome to stop by and shop. Kids do not need to be present, but it is more fun to let them pick out items for themselves!

Questions? Stop by or give us a call at 541-367-5007

All items left over will be donated to the Sweet Home School District Clothing Closet

PROGRAMS

- Every Tuesday at 4pm - Lego Creator's Club
 - Every Wednesday at 3pm - After School Movie:
 - 1/7 Gabby's Dollhouse the Movie
 - 1/14 Bad Guys
 - 1/21 Bad Guys 2
 - 1/28 Secret Life of Pets
 - Every Thursday at 10am - Baby & Toddler Storytime
 - Every Thursday at 11am - Preschool Storytime
 - Every Friday at 9am - Walking Group
 - Friday Jan 16 - Teen Movie Night 6-8pm
 - Saturday Jan 24 - Super Smash Bros. Tween & Teen Tournament 4-7pm
- *Inkslingers has moved to Wednesday Afternoons at Into the Brew.

GRANTS

A recent grant from the **InterCommunity Health Network**

CCO has allowed us to obtain items for our collection related to harm reduction for the Sweet Home Library, Lebanon Library and Albany Library.

You will start seeing books related to substance abuse recovery, mental health, addiction of all types and recovery available at each of these libraries. And don't forget all of the Library in the Linn Library Consortium share books across Linn county, so you can check these books out from any Linn Library with a Sweet Home Library card.

A grant from the **Roundhouse Foundation** has allowed us to obtain STEM kits for checkout.

Check one out and learn new math skills, engineering skills, all about magnets, money skills, phonics, Spanish language skills and so much more!

We are so grateful for each and every grant that we receive. Each grant or donation allows us to add new things to our collection for the community to use

COMING SOON

Our Seed Library will be starting up again in February. We are accepting donations of seeds, bulbs, starts and plants.

The Seed Library is free to all. Please return any seeds you don't use and save new seeds to donate at the end of the season!

This year we will have lots of corn, beans, tomatoes, peppers, herbs and more!

LITTLE FREE PANTRY

Our Little Free Pantry is still accepting donations! As food insecurity continues to rise, we will continue to have this resource available, as long as we have donations! We can accept shelf stable, fresh and frozen items

CONTACT US

541-367-5007

shpl@sweethomeor.gov
sweethomeor.gov/library
Facebook & Instagram



Sweet Home Oregon

July-December 2025 Quarterly Financial Report

Overall, the city is in a good financial position. Generally, most revenues are above what would be expected at this time of year. Property taxes remain high on collection rates and utility revenues are on track. Expenditures are generally appearing less where I would expect December numbers to be, which is great news.

General Fund

Revenue = 70%

Expenditures = 44% (Overall)

The beginning fund balance is \$181k less than budgeted, which I am not overly concerned about, especially with revenues above what was anticipated at this point. The majority of revenue is above anticipated budgets; the only revenue lines that appear to be lagging are that of fees for planning and lien searches. Both of these are likely connected to new building permits and home purchases that appear to be slowing as a trend, both locally and throughout the state.

Expenditures by Department: (general assumption of 50% spent by December)

Administration - 43%

City Council - 40%

Community/Economic Development - 52%

Finance - 58% (high mainly due to audit fees)

Court - 43%

Parks - 51%

Community Center - 45%

General Services - 51%.

Capital Outlay - 10%

Police Fund

Revenues = 94% (majority of revenue is property taxes)

Expenditures = 48% Overall (49% on personnel, 40% on materials, 66% on capital outlay)

Library Fund

Revenues = 94%

Expenditures = 21% Overall (48% on personnel, 51% on materials, 0% on capital outlay)

The original budget had \$850k for capital outlay that has not been spent and is the cause for overall expenditures at an overall of 21%

Transportation Fund

Revenue = 46%

Expenditures = 42%



SDC Funds

Revenue = 51%
Expenditures = 0%

Water Fund

Revenue = 56%
Expenditures = 47%

Sewer Fund

Revenue = 51%
Expenditures = 48%

Storm Fund

Revenue = 49%
Expenditures = 20%

Economic Development Fund

Revenue = 84%
Expenditures = 43%

Revenues come from lease payments and EV charging, budgeted at only \$20k.

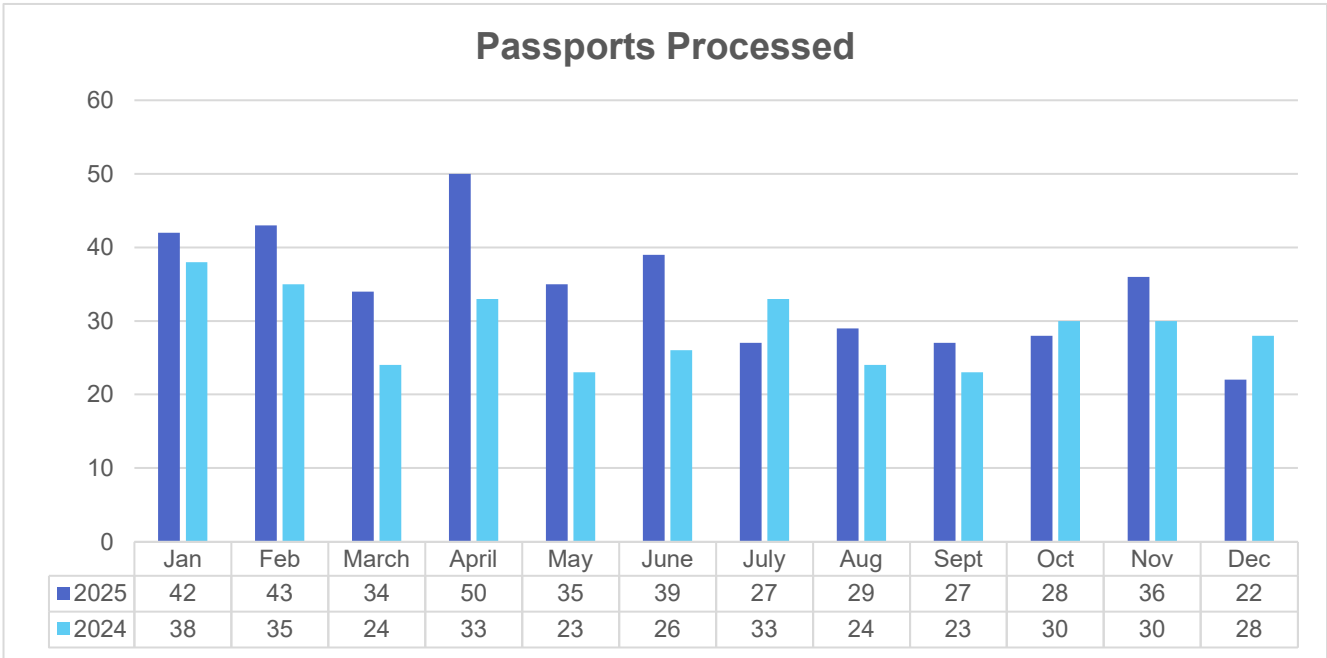
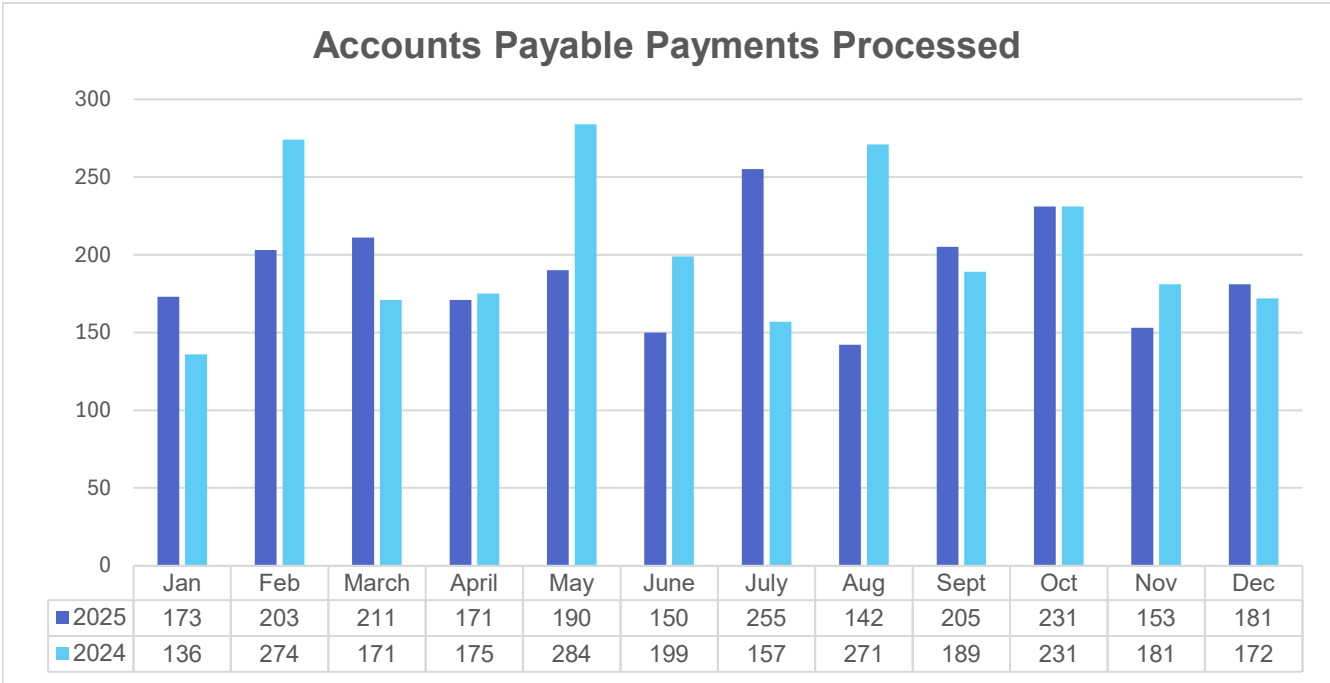
Reserve Fund

The Reserve Fund has no new revenue. After the recent audit, this did create a fund balance within this fund again. In the previous year, we had transferred out all reserve funds to corresponding funds like the Library and General Fund. I will wait till all audits are up to date before any additional transfers are made as I anticipate this balance will change as audits are completed.

Finance Department December 2025

Finance Activities

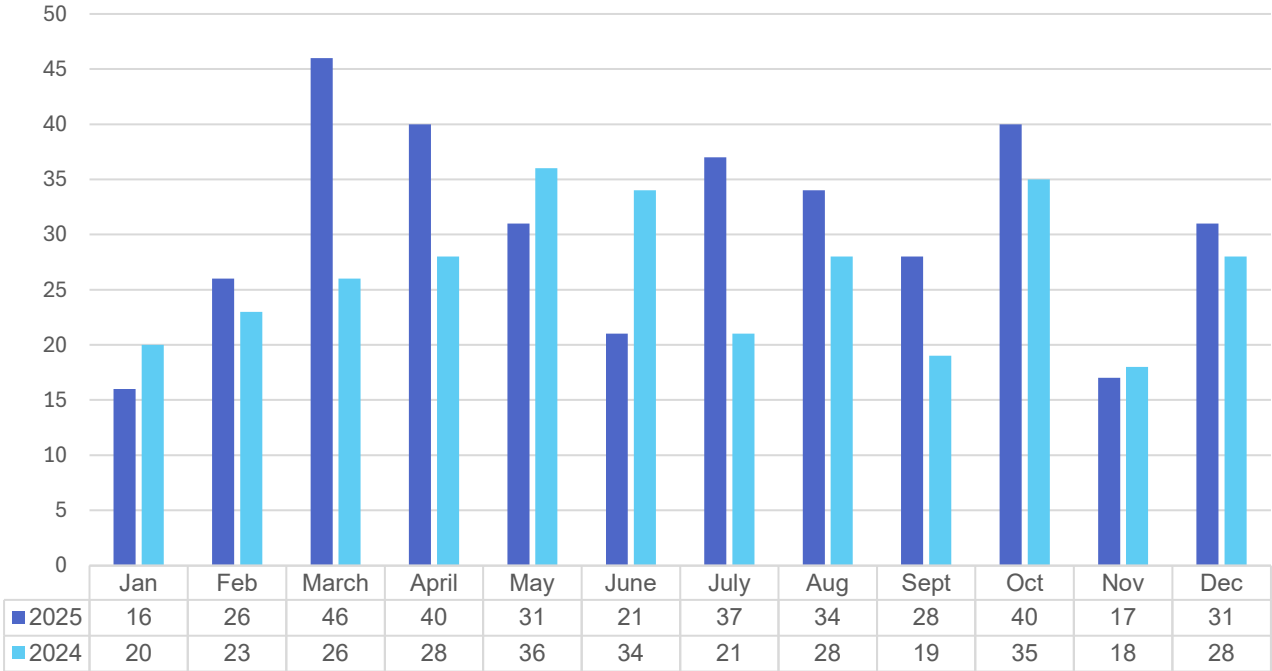
Payroll was processed for 74 employees.



Finance Department

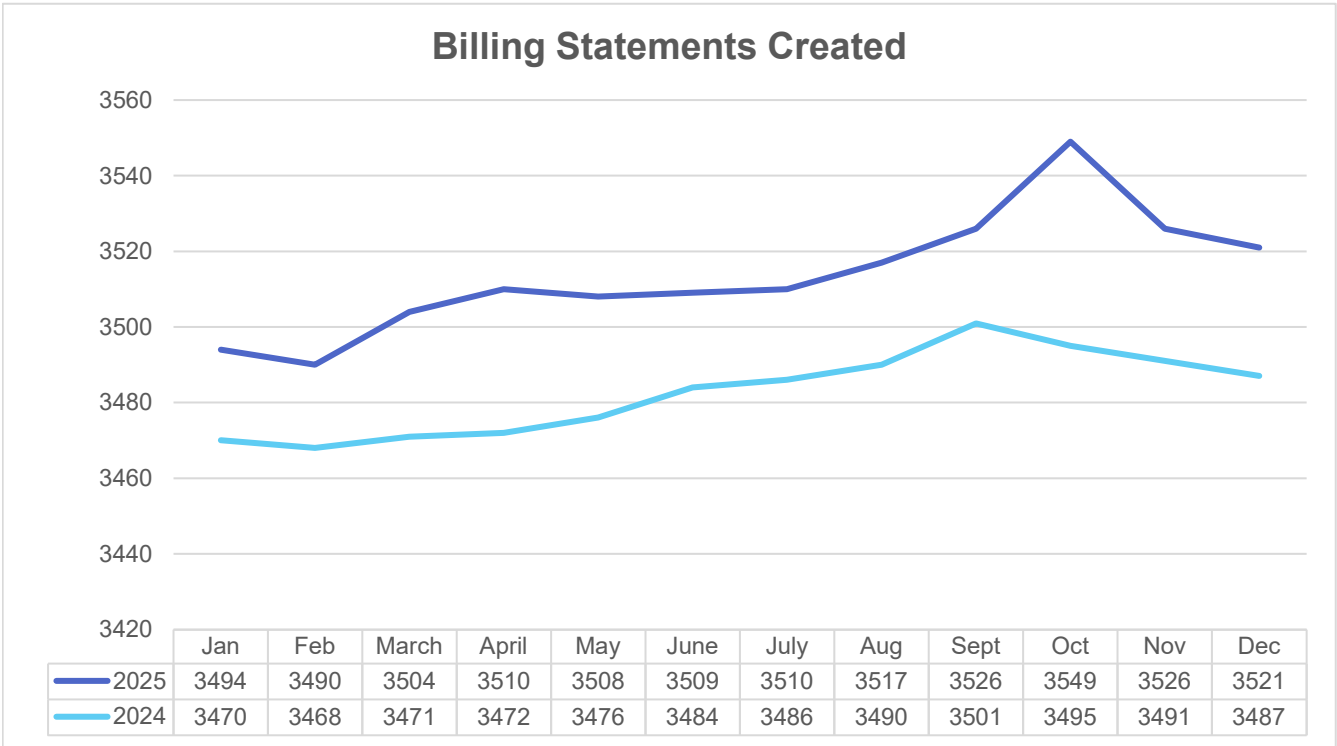
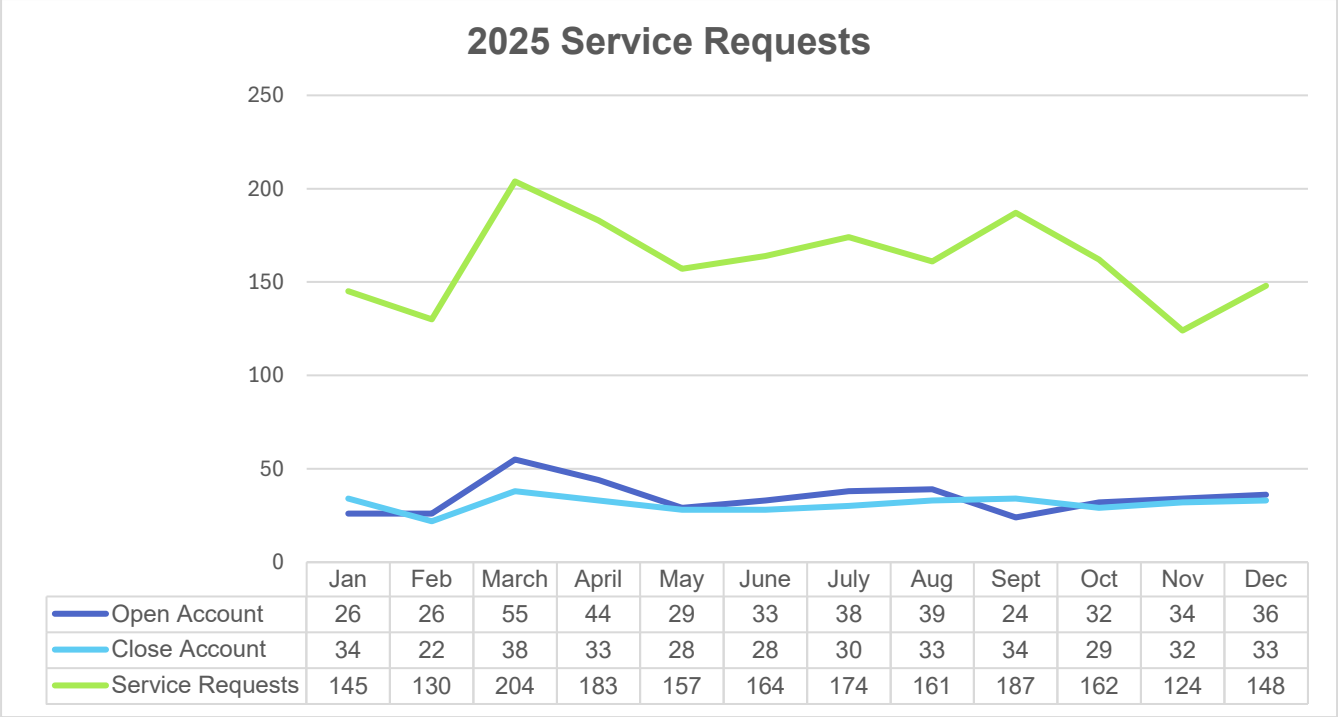
December 2025

Lien Searches

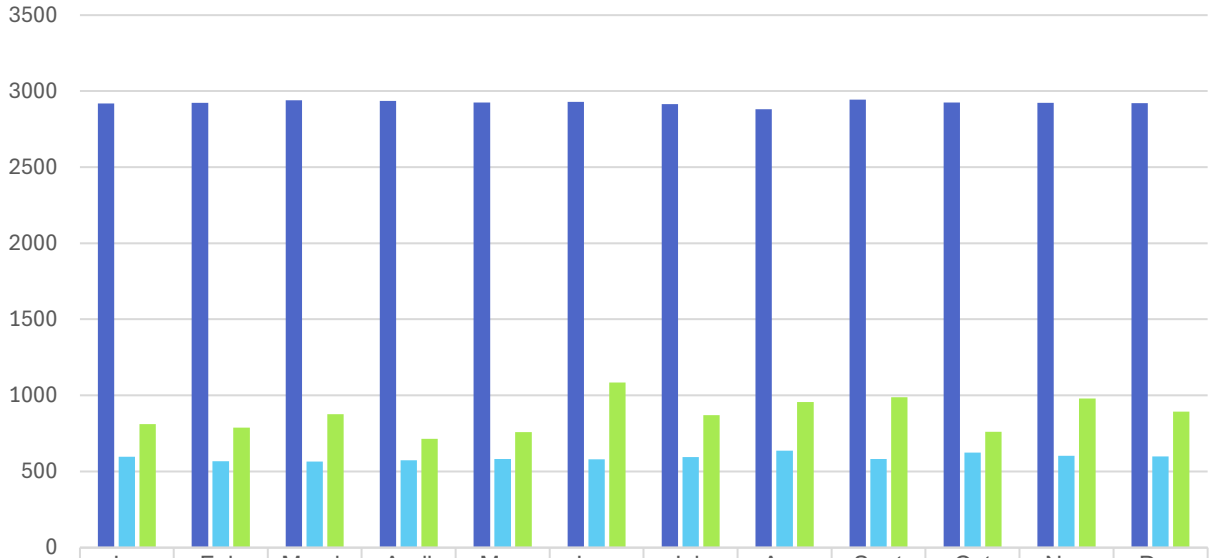


Finance Department December 2025

Utility Billing Activities

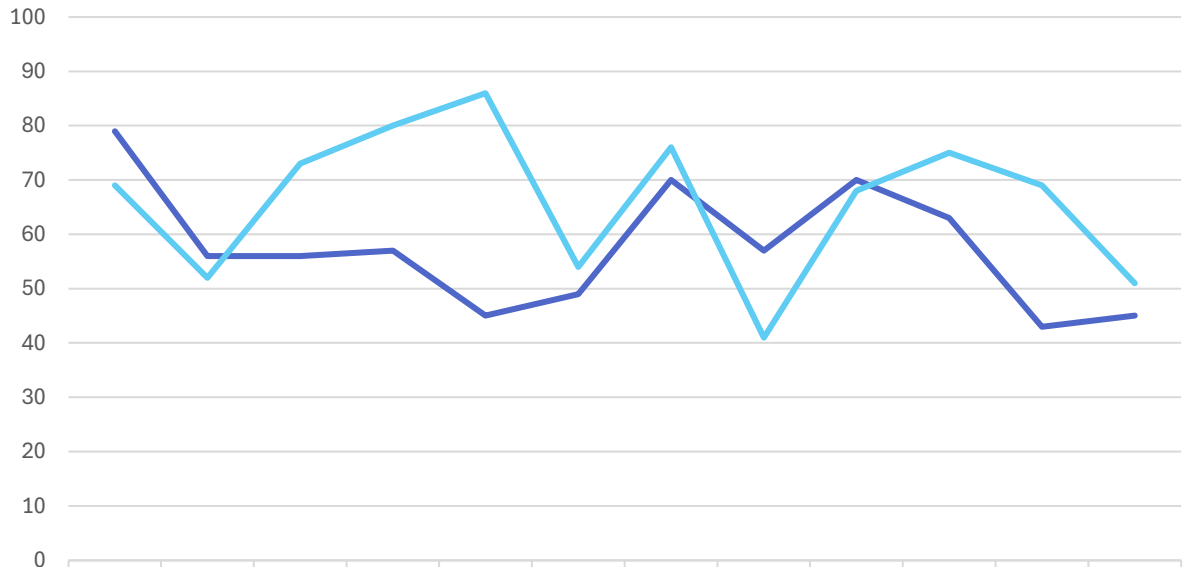


Statements Mailed



■ Mailed	2920	2923	2940	2936	2926	2929	2915	2881	2944	2926	2924	2922
■ Emailed	597	567	564	574	582	580	595	636	582	623	602	599
■ Past Due	811	787	877	715	759	1085	869	957	987	760	979	893

Turn Off History



— 2025	79	56	56	57	45	49	70	57	70	63	43	45
— 2024	69	52	73	80	86	54	76	41	68	75	69	51

Submitted by:

Cindi Robeck
 Financial Operations Manager
crobeck@sweethomeor.gov

2025 STATISTICS



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2025 PERSON CRIMES

PERSON CRIMES	2025	2024
Assault(All)	103	66
Child Neglect	4	1
Criminal Homicide	0	2
Elder Abuse	2	1
Forcible Rape	1	3
Harassment	40	58
Kidnap	1	1
Menacing	18	29
Person Crimes Other	16	60
Sex Crimes Other	12	17
Violation Restraining Order	18	19
Violation Stalking Order	1	9
TOTAL PERSON CRIMES REPORTED	216	266
PERSON CRIMES CLEARED BY ARREST, EXCEPTIONALLY OR UNFOUNDED	162	198

2025 PROPERTY CRIMES

PROPERTY CRIMES	2025	2024
Arson	3	2
Burglary	21	42
Criminal Mischief	81	101
Forgery	4	4
Fraud	25	35
Motor Vehicle Theft	17	15
Property-Other	17	18
Reckless Burn	1	4
Robbery	4	3
Theft	208	268
Unlawful Entry into Motor Vehicle	<u>25</u>	<u>37</u>
TOTAL PROPERTY CRIMES REPORTED	406	529
PROPERTY CRIMES CLEARED	122	169

2025 SOCIETY CRIME

CRIMES AGAINST SOCIETY	2025	2024
Alcohol Offense	10	13
Animal Offense	7	15
Controlled Substance Offense	27	20
Curfew	6	3
Disorderly Conduct	23	9
Driver Under Influence of Intoxicants	13	27
Escape	3	2
Fail to Register/Sex Offender	9	3
False Information	4	6
Littering Offense	21	16
Other Society	20	28
Resisting Arrest	13	10
Runaway Juvenile	44	50
Trespass	71	50
Weapon Offense	16	18
SOCIETY CRIMES REPORTED	287	270
SOCIETY CRIMES CLEARED BY ARREST, EXCEPTIONALLY OR UNFOUNDED	227	199

2025 OREGON SPECIFIC CRIMES

OREGON SPECIFIC CRIMES	2025	2024
Protective Custody	26	38
Traffic Crimes	95	109
Warrant Arrests	696	547
OREGON SPECIFIC CRIMES REPORTED	817	694
OREGON CRIMES CLEARED BY ARREST, EXCEPTIONALLY OR UNFOUNDED	780	640

2025 NON CRIMINAL INCIDENTS

NON CRIMINAL INCIDENTS	2025	2024
911 Hangups/Open Line/Transfers	144	148
Abandoned Vehicles	35	27
Agency Assists	588	651
Alarms	199	212
Ambulance Assists	118	101
Animal	582	558
Background	15	6
City Code Violation	76	7
Civil	172	138
Death Investigations	25	51
Disturbance	411	539
Domestic Dispute-Non Mandatory	44	41
Drug Information	27	20
Exclusions-City Parks/Property	22	15
Fingerprints-Public	69	84
Fingerprints-Court Ordered	62	90
Fire Assist	60	56
Fireworks Complaint	31	25
Hazard	99	138
Impound	20	24
Information	698	1070
Juvenile	273	279
Licensing	51	15
Mental Health	148	142
Missing Person	17	19
Motor Vehicle Crashes	137	142
Neighborhood Dispute	52	33
Property-Found/Lost/Seized	451	410
Public Assists	795	763
Registration-Alarm Permit	162	170
Registration-Bicycle	30	27
Registration-Property Watch	98	69
Registration-Sex Offender	140	125
Special Events	14	10
Suspicious Activity	1088	859
Traffic	527	489
Transports	30	0
Trespass Warning	416	427
Unsecure Premise/Vehicle	36	53
Violation City Ordinance	233	209
Weather Incident	20	76
NON CRIMINAL INCIDENTS REPORTED	8215	8318

2025 ARREST

PERSON CRIME ARRESTS	2025	2024
Assault/Strangulation	49	53
Harassment	13	16
Menacing	12	21
Murder	1	1
Person-Other	16	11
Sex Crimes	66	16
Violation of Restraining./Stalking Order	8	7
	165	125

PROPERTY CRIME ARRESTS		
Arson/Reckless Burning	1	2
Burglary	5	9
Criminal Mischief	30	22
Property-Other	3	10
Robbery	0	3
Theft	33	65
Unauthorized Use of Motor Vehicle	6	2
Unlawful Entry into Motor Vehicle	3	2
	81	115

SOCIETY CRIME ARRESTS		
Alcohol Offense	6	13
Curfew	11	4
Disorderly Conduct	19	7
Driver Under Influence of Intoxicants	14	27
Drug Crimes	34	19
Fail to Register as Sex Offender	7	4
Resisting Arrest	13	11
Runaway	28	30
Society-Other	23	39
Trespass	65	27
Weapon Offense	7	8
	227	189

OREGON SPECIFIC CRIME ARRESTS		
Protective Custody	14	23
Traffic Crimes	66	54
Warrants Served	1017	897
	1097	974

TOTAL CHARGES	1570	1403
TOTAL ADULT CHARGES	1456	1319
TOTAL JUVENILE CHARGES	114	88
TOTAL ADULTS ARRESTED	778	693
TOTAL JUVENILES ARRESTED	61	63

2025 CITATIONS

CITATIONS	2025	2024
Chapter 803 Vehicle Title and Registration (Fail to Register Vehicle, Fail to Renew Registration, Altered Plate, Switched Plates, Fail to Display Plate, etc.)	14	12
Chapter 806 Financial Responsibility Law (Driving Uninsured, Fail to Carry Proof of Insurance, False Info Regarding Liability Insurance, etc.)	121	135
Chapter 807 Driving Privileges, Licenses and Permits (No Operator License, Fail to Carry and Present License, Fail to Change Name and/or Address on Operator License, etc.)	22	31
Chapter 811 Rules of the Road for Drivers (Violating Speed Limit, DWS, Reckless Driving, Careless Driving, Hit and Run, Fail to Obey Traffic Control Device, Follow too Close, Illegal Parking, Fail to Yield to Pedestrian, Fail to Wear Seatbelt, etc.)	250	311
Chapter 813 Driving Under Influence of Intoxicants (Drive Under Influence of Intoxicants, Refuse the Breath Test, etc.)	19	30
Chapter 814 Pedestrians; Passengers; Livestock; Motorized Wheelchairs; Vehicles with Fewer Than Four Wheels (Improper Use of Lanes, No Motorcycle Helmet, Bicyclist failing to Signal, etc)	2	0
Chapter 815 Vehicle Equipment Generally (Improper Fenders or Mud Guards, Unreasonable Noise, Obstructed Vehicle Windows, etc.)	7	0
Chapter 816 Vehicle Equipment: Lights (Operate Without Lighting Equipment, Operate Without Tail Lights, etc)	2	2
Chapter 818 -821 (all others)	1	3
	2025	2024
TOTAL CITATIONS ISSUED	438	524
TOTAL PERSONS CITED	242	343
TOTAL WARNINGS ISSUED	913	1489
TOTAL TRAFFIC STOPS	1290	1861

NEWSLETTER

CITY OF SWEET HOME

January 2026



COUNCIL CORNER & HIGHLIGHTS

2025 was a very busy year in terms of Council action! Here are some highlights of items that were approved:

- Transportation System Plan
- North Sweet Home Area Plan
- Code revisions
 - Camping
 - Transient lodging tax
 - Property exclusion
- City Manager contract
- Speed humps for First Avenue
- Fiscal Year 2025-2026 budget
- Sweet Home Police Employees' Association Collective Bargaining Agreement
- Water quality emergency declaration for the Green Peter Drawdown
- Updated Natural Hazards Mitigation Plan

Sweet Home voters also elected to select future Mayors by popular vote, and approved five-year levies to continue to support our Police Department and Library.

January's City Council meetings will take place on January 13th and 27th at 6:30 PM. Expect to hear discussion on proposed Charter amendments, Sankey Park Phase III, the FY23 annual audit response, and more! Details can be found on our website.

Multiple Council seats will also be up for election in November of this year. Keep an eye on our website for more information if you are a Sweet Home resident who is interested in running; staff will publish a Candidate Handbook in late spring or early summer.

APPLY NOW!

SEEKING APPLICANTS FOR:

- PLANNING COMMISSION
- PARK & TREE COMMITTEE



APPLY ONLINE!

www.sweethomeor.gov/bc

2026 EVENTS

The City has a big year planned in terms of community events. While details are still in development, keep an eye out for community festivals this spring, summer, and of course our Harvest Festival in the fall. Next year will mark the 20th anniversary of Harvest Festival so we hope to make it bigger and better than ever! We'll also be holding a celebration for Arbor Day, as well as a big July 4th birthday bash for the 250th anniversary of the founding of our nation.

Stay tuned to our website and social media for more information in the near future!

CITY MANAGER'S MESSAGE

As I write this, Sweet Home is getting our first snowfall of the year. It's been beautiful to watch and, so far, easy to appreciate from indoors. Whether it turns out to be our only snow this winter or just the first, it's a reminder of the importance of preparation and reliable services. In the months ahead, the City will begin planning for the next budget year, with a focus on maintaining essential services and preparing responsibly for the future. Thank you for your continued engagement and support as we move through the winter season together.

Yours in Service,
Jason Ogden



www.sweethomeor.gov



541-818-7110



3225 Main Street
Sweet Home, OR 97386



Check out our website
and social media!