



City of
Sweet Home, Oregon
Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

CITY OF SWEET HOME, OREGON

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



BRANDON NEISH, FINANCE DIRECTOR

Prepared by:

The Finance Department
City of Sweet Home, Oregon

CITY OF SWEET HOME
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CITY OF SWEET HOME
CITY OFFICIALS
JUNE 30, 2020

MAYOR

Term Expires

Greg Mahler, Mayor

December 31, 2022

CITY COUNCIL MEMBERS

Diane Gerson, President Pro-Tem

December 31, 2022

Susan Coleman

December 31, 2022

James Goble

December 31, 2020

Lisa Gourley

December 31, 2020

Cortney Nash

December 31, 2020

Dave Trask

December 31, 2020

The above individuals may be contacted at the address below

CITY ADMINISTRATION

Ray Towry, City Manager
Robert Snyder, City Attorney
Brandon Neish, Finance Director/City Treasurer
W. Blair Larsen, Community and Economic Development Director
Jeff Lynn, Police Chief
Rose Peda, Library Director
Greg Springman, Public Works Director

MAILING ADDRESS

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



City of Sweet Home
1140 12th Avenue
Sweet Home, OR 97386
541-367-5128
Fax 541-367-5113
www.sweethomeor.gov

April 22, 2021

To the Mayor, City Council and Citizens of the City of Sweet Home:

Each year the City is required to publish a complete set of audited financial statements within six months of the close of the fiscal year in accordance with ORS 297.465(3)(a). This Annual Financial Report for the City of Sweet Home is hereby submitted to fulfill this requirement for the fiscal year ended June 30, 2020. This year, due to the COVID-19 pandemic and staff leave for an expanding family, additional time was required to compile the information needed for this audit. As such, an extension was filed with, and approved, by the Oregon Secretary of State's Office. Management assumes full responsibility for the completeness and reliability of the information contained in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements were audited by Grove, Muller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020 were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant accounting estimates made by management; as well as evaluating the overall presentation of the financial statements.

Grove, Muller & Swank, P.C. has issued an opinion that the City's financial statements for the year ended June 30, 2020 are in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the Basic Financial Statements in the Financial Section of this report.

Profile of the Government

The City of Sweet Home was founded in 1851 and incorporated on February 10, 1893. Located in the Mid-Willamette Valley at the east end of Linn County, the City currently occupies approximately 6.5 square miles and serves an estimated population of 9,340. It is the third largest city in Linn County lying at the foot of the Cascade Mountains, next to the pristine Santiam River and close to Foster and Green Peter Reservoirs. Sweet Home offers close proximity to major urban areas for commuters and shoppers: Portland is 100 miles, Salem is 50 miles, Eugene is 50 miles and Albany is 25 miles away.

Sweet Home operates under the provisions of its own Charter and applicable state law. It has a Council/Manager form of government. The City Council consists of seven members are elected by the citizens of Sweet Home. Councilors are elected to serve overlapping terms of two and four years. The Mayor is elected by the Council members to serve for a term of two years. A full-time City Manager administers the affairs of the City for the Council and supervises a staff of five department directors and approximately 50 full and part-time employees.

For financial reporting purposes the City is a primary government. This report includes all services and activities for which the elected officials exercise financial control. These services include police and dispatch services, municipal court, administration and finance, community and economic development, parks, library services,

recreational activities, nuisance abatements, water and wastewater treatment, construction and maintenance of roadways, streets and infrastructure.

Fire and Ambulance services are provided by the Sweet Home Fire and Ambulance District. The District is not a component of the City government. The City may interact or contract with the District and other governmental entities, but it is not financially accountable for those entities.

Governance Focus and Changes

During the 2020 fiscal year, no changes occurred to the makeup of the City Council. Councilor Greg Mahler was chosen by his fellow Councilors in January 2019 to serve a second term as Mayor. The Mayor is elected by the Council to serve a two-year term and acts as the ceremonial head of the City. The Mayor acts as the Chairperson of meetings of the City Council. Councilor Diane Gerson continued to serve as the President Pro-Tem who backs up the Mayor as head of the Council in the event he is unable to discharge his duties.

In April 2017, the City Council adopted a new Vision Statement, updated its Mission Statement and established four goals. These items were the focus during the fiscal year for all staffing changes and work done across the city. The Vision and Mission Statements and the Council Goals were updated for the 2020 fiscal year and are as follows.

2019 Vision Statement

The Sweet Home community members have elected the City Council to represent their collective best interests. WE have been entrusted to make decisions that do the most good, for the most people, for the longest period of time.

- I. WE ASPIRE to make Sweet Home a community people find desirable to live in.
- II. WE ASPIRE to have an effective and efficient local government.
- III. WE ASPIRE to provide viable and sustainable infrastructure.
- IV. WE ASPIRE to provide viable and sustainable essential services.
- V. WE ASPIRE to create an economically strong environment in which businesses prosper.

2019 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.

2020 Goals

INFRASTRUCTURE

- 1) Develop specific steps for implementation of the adopted infrastructure master plans.
 - a) Water
 - b) Sewer
 - c) Streets
 - d) Parks
 - e) Property
- 2) Increase community awareness of infrastructure needs and appropriate planning documents.
 - a) Water
 - b) Sewer
 - c) Streets
 - d) Parks
 - e) Property

BE AN EFFECTIVE AND EFFICIENT GOVERNMENT

- 1) Update and streamline processes
- 2) Develop continuity in planning and permitting processes.
- 3) Invest in long-term staff stability & training.
- 4) Develop transparency in all communication.
- 5) Continue to financial “best” practices.
- 6) Employ sound technology to maximize efficiency.

ESSENTIAL SERVICES

- 1) Increase access to quality healthcare services.
 - a) Memory Care
 - b) Senior Assisted Living
 - c) Physical Therapy
 - d) Urgent Care
 - e) Mental/Behavioral Health
- 2) Look for methods to improve community safety, Police, Community Design, etc.
- 3) Develop partnerships with regional services and work to connect them with the appropriate members of the public.

ECONOMIC STRENGTH

- 1) Implement a business vitalization program.
- 2) Support future economic development efforts within City Hall.
- 3) Develop economic and business education opportunities with regional partners.

Coronavirus Pandemic

In the middle of the 2019-2020 fiscal year, the COVID-19 pandemic began to emerge. By March, states of emergency had been declared at the federal and state level. The City of Sweet Home issued its own state of emergency on March 19, 2020 which grants the City Manager the authority to make additional decisions in line with the emergency event. The City’s Emergency Operations Center was activated, and City staff monitored the pandemic through numerous agency partners at the state and federal level and from local and national media. The City’s emergency plans were quickly updated with the support of the City’s appointed Emergency Management Coordinator, Tommy Mull, Jr. who also served as the Code Enforcement Office. Due to the unknowns surrounding the pandemic and the economic crisis that had begun to unfold, City Manager Ray Towry implemented a spending freeze in the last three months of the fiscal year which limited spending to essential items only.

Being a government organization, public input and open meetings are a vital function of daily operations. The City was forced to quickly expand its technological infrastructure and retrofitted its Council Chambers to produce live streams of Council meetings and other boards and committees. Additionally, the pandemic began to unfold just prior to the City’s budget process but after the 2021 proposed budget had been developed. Staff quickly shifted gears and made some assumptions for 2021 given the economic conditions and attempted to gauge the economic impact of the pandemic as businesses were forced to close their doors and employment fell through the floor. Fortunately, the City saw no real economic impact from the pandemic and this audit and accompanying fund balances demonstrate the economic strength and stability of the City of Sweet Home.

Property Upgrades

The City saw significant progress on outstanding construction projects in the 2020 fiscal year. In August 2019, the City finally moved into its new City Hall located at 3225 Main Street. Included in the facility were two conference rooms available to the public, a new City Council Chambers which presented a significant upgrade from the annex behind the former City Hall, significant space for staff and available space for future growth and expansion. New lobby space in the facility allows customers to comfortably do business in City Hall. Also included in the building is updated technology to benefit the City and the community. Each conference room is outfitted with touch panel TV screens, computers and a conference room phone system to provide a space for

presentations and collaboration. The new City Hall is truly a space that the community can be proud of and embraces the community vibe and history.

Engineering work continued as well on the Wastewater Treatment Plant. The preliminary designs for the upgraded plant were completed in early 2019 and includes rehabilitating much of the existing plant while expanding capacity through additional, new fixtures. The preliminary design included an initial project price of \$28.2 million. While this is a significant price tag for the community, grants have poured into the City after the City demonstrated its dedication to the project with significant funding of its own. The City has guaranteed \$7.0 million in funding set aside from customer utility rates that were raised in November 2017 and reserves set aside over nearly a decade.

As a result of the City's hard work and savings, the state legislature has also graciously agreed to contribute \$9 million in grant funds through the Oregon Lottery and the U.S. Department of Agriculture has agreed to \$3 million in loan forgiveness funds. These funds (\$19 million) plus some additional loan forgiveness and grant opportunities will leave the City with needing to borrow less than \$10 million which will have a profound, positive impact on user rates in the future. The City would like to thank its state representatives, State Senator Fred Girod and now-former State House Representative Sherrie Sprenger for their dedication and for fighting for the City of Sweet Home. Construction on the plant is scheduled to begin in the spring of 2022 with an estimated completion target of Christmas 2025.

Previously disposed of by Council, the old Water Treatment Plant on 9th Avenue finally sold during the 2020 fiscal year. The City received \$207,000 for the former plant which will be available for future treatment plants needs in the form of capital funds.

Financial Information

Financial and Accounting Policies

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements.

It presents fairly the financial position of the various funds of the City at June 30, 2020, and the results of operations of such funds and cash flow of the proprietary fund types for the year ended in conformity and generally accepted accounting principles (GAAP).

During the fiscal year of 2019-2020, the City maintained a total of 29 funds, of which 17 were governmental fund types and 12 were proprietary fund types. The City also maintained two sets of accounting records for capital assets and long-term debt. The modified accrual basis of accounting is used for the governmental fund types (General Fund, special revenue funds, debt service funds and capital projects). The accrual basis is used for the government-wide and proprietary financial statements.

Budgetary Policies

The annual budget for the City of Sweet Home is a comprehensive financial plan for the year ahead. The annual budget process integrates and authorizes the needs of the community with the finances available and the ability of city government to provide the needed services. Like all governments in Oregon, the City prepares its annual budget in accordance with provisions of Oregon Local Budget Law (ORS 294), which provides procedures for the preparation, presentation, administration and appraisals of budgets.

The City establishes the level of budgetary control at a department level (includes personnel, materials & services and capital outlay), contingencies, debt service and transfers in all funds. These levels are adopted in a resolution by City Council following a public hearing held in May or June of the preceding fiscal year. The adopted budget is implemented through the City's accounting operations and the provision of City services.

Oregon budget law allows for amendments to the City budget for reasons unforeseen at the time of the adoption of the original budget. Management can adjust budget numbers within adopted appropriations. Changes in

appropriations, transfers outside of funds, appropriation of unexpected revenues and use of contingencies require Council action. The City of Sweet home manages its finances according to GAAP. During the year, expenditures and revenues are closely monitored to ensure compliance with the adopted budget and state law. An annual audit is performed and filed with the State of Oregon each year by an independent Certified Public Accountant.

Acknowledgements

The preparation of the Annual Financial Report was made possible by the services of the City's Finance Department staff and the certified public accountants of Grove, Mueller & Swank, P.C. Their contributions to this report are sincerely appreciated.

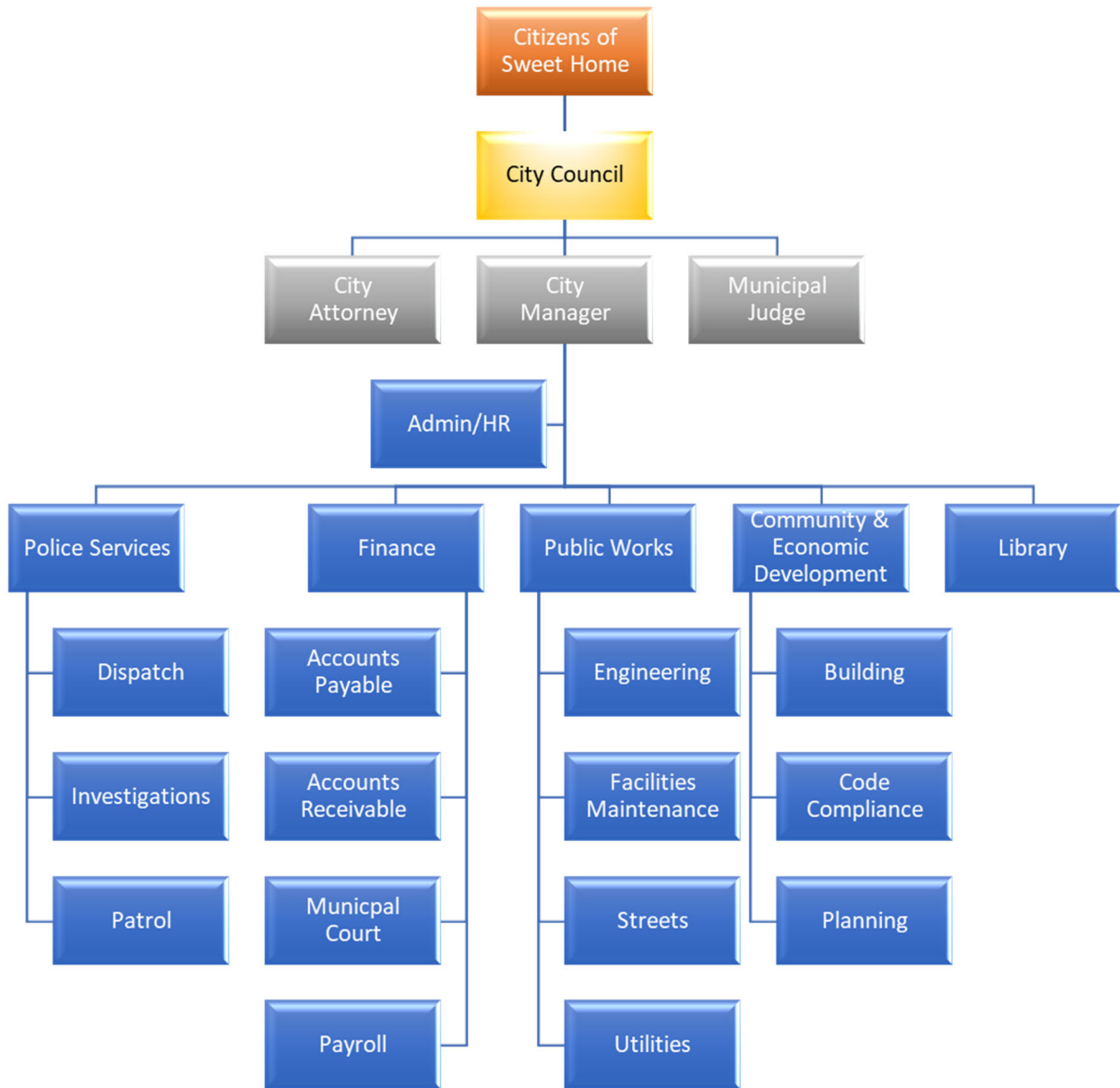
Respectfully submitted,

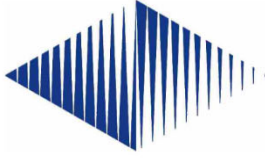


Brandon Neish
Finance Director



Raymond Towry
City Manager





GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sweet Home, Oregon as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sweet Home, Oregon as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We have applied certain limited procedures to the management discussion and analysis, PERS schedules and OPEB schedules described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary schedules described above were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information and other financial schedules (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

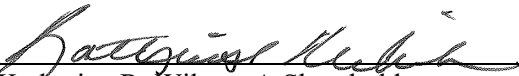
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated April 22, 2021, 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.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 
Katherine R. Wilson, A Shareholder
April 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

This discussion and analysis presents 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 current year activities and resulting changes. Please read it in conjunction with the Letter of Transmittal (pages 2 through 5) and the City's financial statements (beginning on page 19).

FINANCIAL HIGHLIGHTS

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

	<i>June 30,</i>		
	<u>2020</u>	<u>2019</u>	<u>change</u>
Net position	\$ 34,870	\$ 34,109	\$ 761
Change in net position	761	1,577	(816)
Governmental activities net position	18,075	18,933	(858)
Business-type activities net position	16,795	15,176	1,619
Change in governmental net assets	(858)	(201)	(657)
Change in proprietary net assets	1,619	1,778	(159)

The City's net position increased by \$761 thousand (or 2%). The increase is due to revenues exceeding expenses.

Governmental activities revenues increased by \$342 thousand (or 5%) due to a decrease in capital grants and other revenues.

Governmental activities program costs increased by \$546 thousand and business-type activities program costs increased by \$671 thousand.

Charges for services in the business-type activities increased \$58 thousand (1%) due to an increase in billing rates.

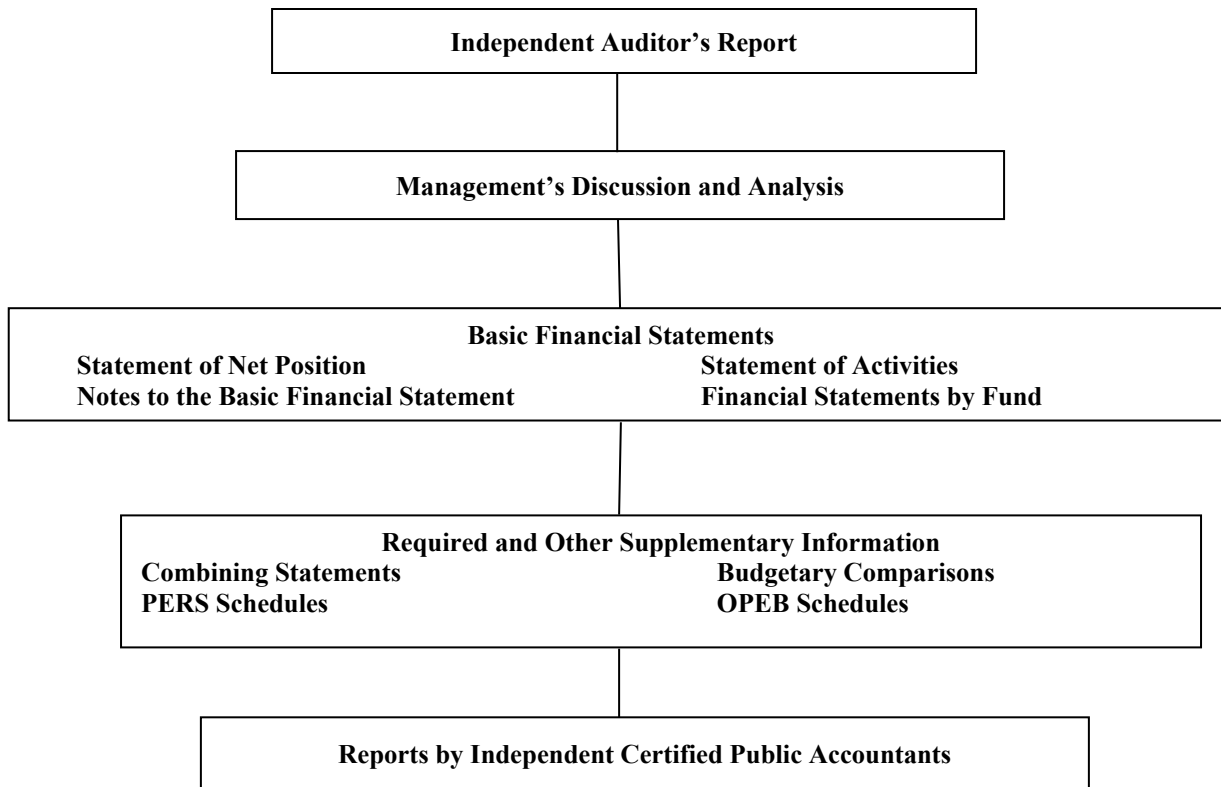
Water Operations represent 44% of all utility revenues for the City. These revenues went towards operation of the water treatment plant located off 47th Avenue.

Wastewater Operation represents 55% of all utility revenues for the City. Sweet Home is serviced by a sanitary sewer system that feeds into several mainlines which meet at the wastewater treatment facility located off Pleasant Valley Road.

REPORT LAYOUT

The City's annual financial report consists of several sections. Taken together they provide a financial look at the City. The components of the report include the following:

Components of the Annual Financial Report



Independent Auditor's Report - Auditor's opinion regarding the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis - This section of the report provides financial highlights, overview and economic factors affecting the City.

Basic Financial Statements - Includes Statement of Net Position, Statement of Activities, fund financial statements and the notes to the financial statements. The Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- The Fund Financial Statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in fund net position, and cash flows. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses, and changes in fund net position, and cash flows. The City's major proprietary funds are presented in their own column and the remaining funds are combined into a column titled "Non-Major."
- The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Required Supplementary and Other Supplementary Information - Required Supplementary Information includes budgetary comparison statements for the General, Public Safety, and State Gas Tax.

Readers desiring additional information on non-major funds can find it in the Combining Statements of Non-major Funds and/or the Supplementary Information-Budgetary Comparison sections of this report. Components within this section include:

- Combining Statements. Major funds are included within the Basic Financial Statements, whereas non-major funds are presented here. These statements include balance sheets and statements of revenues, expenditures and changes in fund balances.
- Budgetary Comparisons. Budgetary information for all funds, except those previously presented as required supplementary information.
- PERS Schedules. Schedules that reflect the City's proportionate share of the net pension liability and the City's contributions are presented as required supplementary information.
- OPEB Schedules. Schedules that reflect the City's proportionate share of the OPEB liability, changes in the OPEB liability and the City's contributions are presented as required supplementary information.

Reports by Independent Certified Public Accountants - Supplemental communication on City compliance and internal controls as required by Oregon statutes.

CITY AS A WHOLE

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 on page 19.

	Statements of Net Position					
	June 30,					
	(in thousands)					
	2020			2019		
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
Cash and investments	\$ 6,837	\$ 5,225	\$ 12,062	\$ 7,007	\$ 4,346	\$ 11,353
Other assets	129	1,437	1,566	(58)	1,593	1,535
Capital assets	12,543	25,378	37,921	13,062	25,303	38,365
<i>Total Assets</i>	19,509	32,040	51,549	20,011	31,242	51,253
Deferred outflows	904	6	910	788	10	798
Other liabilities	189	623	812	269	360	629
Long-term liabilities	2,011	14,628	16,639	1,507	15,715	17,222
<i>Total Liabilities</i>	2,200	15,251	17,451	1,776	16,075	17,851
Deferred Inflows	139	1	139	90	1	91
Net position:						
Net investment in capital assets	12,543	10,787	23,330	13,062	9,659	22,721
Restricted	5,284	1,760	7,044	5,088	1,730	6,818
Unrestricted	248	4,248	4,496	783	3,787	4,570
<i>Total Net Position</i>	\$ 18,075	\$ 16,795	\$ 34,870	\$ 18,933	\$ 15,176	\$ 34,109

The following table reflects a change in activities for governmental and proprietary funds compared to the prior year. Detail of this summary is presented on page 20.

Statements of Activities						
June 30,						
(in thousands)						
2020			2019			
Governmental	Business-		Governmental	Business-		
Activities	type	Total	Activities	type	Total	
Activities	Activities		Activities	Activities		
Revenues						
Program Revenues						
Charges for service	\$ 715	\$ 5,392	\$ 6,107	\$ 571	\$ 5,345	\$ 5,916
Operating grants and contributions	1,050	-	1,050	864	-	864
Capital grants and contributions	-	78	78	181	62	243
General Revenues						
Taxes and assessments	4,120	-	4,120	3,691	-	3,691
Other	1,147	121	1,268	1,383	126	1,509
Total Revenues	7,032	5,591	12,623	6,690	5,533	12,223
Expenses						
Programs	7,900	3,962	11,862	7,354	3,291	10,645
Transfers						
	10	(10)	-	463	(463)	-
Change in Net Position						
	(858)	1,619	761	(201)	1,779	1,578
Beginning Net Position						
	18,933	15,176	34,109	19,134	13,397	32,531
Ending Net Position						
	\$ 18,075	\$ 16,795	\$ 34,870	\$ 18,933	\$ 15,176	\$ 34,109

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. In particular, 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 primary operating fund of the City. The fund balance was \$1,316 thousand at year end. The fund balance decreased by \$73 thousand during the current fiscal year. The fund had expenditures in excess of revenues of \$72 thousand, and net transfers out of \$1 thousand. As a measure of the fund’s liquidity, it may be useful to compare total fund balances to total fund expenditures. Fund balance represents 61% of total General Fund expenditures.

Police Levy Fund. The Police Levy Fund is used to account for the local option property tax levy approved by voters every five years to finance police and dispatch services. The fund balance was \$1,772 thousand at year end. The fund balance increased by \$138 thousand during the current fiscal year primarily due to an increase in taxes and assessments.

State Gas Tax Fund. The State Gas Tax Fund is used to account for the City’s share of state gasoline tax revenues which are restricted for use in the maintenance of streets. The fund balance was \$417 thousand at year end. The fund balance increased by \$106 thousand during the year primarily due to fewer maintenance and improvement projects.

FUND FINANCIAL ANALYSIS: PROPRIETARY FUNDS

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

Water Operations. Water Operations accounts for the operation of the City’s water department and facilities. The fund's combined net position was \$3,999 thousand at year end, an increase of \$477 thousand during the current fiscal year due to charges for services in excess of materials and services. The fund had \$534 thousand of operating revenues in excess of operating expenses, interest expense of roughly \$146 thousand, and net transfers out to other funds of \$8 thousand.

Wastewater Operations. Wastewater Operations accounts for the operation of the City’s sewer utility and related facilities. The fund's combined net position was \$12,528 thousand at year end, an increase of \$1,366 thousand during the current fiscal year, primarily due to operating revenues in excess of operating expenses of \$1,424 as a result of an increase in charges for services in conjunction with a decrease in personal services and materials and services expenses.

FUND BALANCES

The following table reflects a summary of ending fund balances for governmental funds compared to the prior year. Detail of this summary is presented on page 21.

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

<u>Major Funds</u>	<u>2020</u>		<u>2019</u>		<u>Compared to</u> <u>Prior Year</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Change</u>	<u>%</u>
General	\$ 1,316	21%	\$ 1,389	30%	\$ (73)	-5%
Police Levy	1,772	29%	1,634	19%	138	8%
State Gas Tax	417	7%	311	5%	106	34%
Other Governmental Funds	2,641	44%	2,722	46%	(81)	-3%
Total fund balances	<u>\$ 6,146</u>	<u>101%</u>	<u>\$ 6,056</u>	<u>100%</u>	<u>\$ 90</u>	<u>1%</u>

The following table reflects a summary of ending fund net position for business-types activities compared to the prior year. Detail of this summary begins on page 25.

June 30,
(in thousands)

<u>Major Funds</u>	<u>2020</u>		<u>2019</u>		<u>Compared to</u> <u>Prior Year</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Change</u>	<u>%</u>
Water Operations	\$ 3,999	24%	\$ 3,522	23%	\$ 477	14%
Wastewater Operations	12,528	75%	11,162	74%	1,366	12%
Other Business-type Funds	268	2%	491	3%	(223)	-45%
Total fund net position	<u>\$ 16,794</u>	<u>101%</u>	<u>\$ 15,176</u>	<u>100%</u>	<u>\$ 1,619</u>	<u>11%</u>

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

The City Council and Budget Committee have maintained a desire for fund balances in the General Fund, Police Levy and Library Services funds to contain six months of expenditure reserves throughout a five-year forecast. Maintaining these reserves ensures the funds remain on a solid footing until the first property tax receipts in November each year and the directive also maintains a small fail safe in the event of a nonrenewal of one or more of the tax levies. The \$1.3 million fund balance in the General Fund and \$1.8 million in the Police Levy Fund represents nearly seven months of reserves while the Library Services Fund ended 2020 with over eleven months of reserves. The Library Services Fund may seem higher than necessary but with minimal expenditures annually, “minor” changes in revenues or expenditures cause the reserve balance to swing quickly. The eleven-month fund balance ensures that the Library will have six months of reserves by the end of 2025.

For all other funds, revenue receipts are consistent. Water and wastewater funds for example generate revenue through utility payments from customers. These payments are made monthly. In these funds, efforts are made to retain a small balance for mitigation needs but fund balances are lower than the property tax funds. In capital funds, balances may vary depending on capital plans and ongoing projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

City Council approved two changes to the General Fund adopted budget during the 2019-2020 fiscal year. City Council approved a resolution authorizing the transfer of funds of \$40,000 from contingency to non-departmental materials and services of \$27,000 and \$13,000 to capital outlay. Additionally, City Council approved a resolution authorizing the transfer of funds of \$16,500 from contingency and \$5,500 from capital outlay to materials and services, and \$35,000 from the parks department to the community and economic development department.

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 \$38 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and infrastructure. The total decrease in the City’s investment in capital assets for the current fiscal year was \$444 thousand (a \$519 thousand decrease for governmental activities and a \$75 thousand increase for business-type activities).

Capital Assets at June 30, (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 3,534	\$ 3,536	\$ -	\$ -	\$ 3,534	\$ 3,536
Buildings	10,716	10,776	21,855	21,855	32,571	32,631
Equipment	2,369	1,812	646	636	3,015	2,448
Infrastructure	25,736	25,736	10,297	10,297	36,033	36,033
Construction in progress	251	215	15,933	15,042	16,184	15,257
Accumulated depreciation	(30,063)	(29,013)	(23,353)	(22,527)	(53,416)	(51,540)
Net capital assets	<u>\$ 12,543</u>	<u>\$ 13,062</u>	<u>\$ 25,378</u>	<u>\$ 25,303</u>	<u>\$ 37,921</u>	<u>\$ 38,365</u>

The following table reconciles the change in capital assets. Included within additions is the continuing work on the wastewater inflow and infiltration project in business-type activities. Detail of this summary is presented on pages 39-40 of the notes.

Changes in Capital Assets
(in thousands)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ 13,062	\$ 25,303	\$ 38,365
Additions	593	901	1,494
Retirements	(2)	-	(2)
Depreciation	<u>(1,110)</u>	<u>(826)</u>	<u>(1,936)</u>
Ending balance	<u>\$ 12,543</u>	<u>\$ 25,378</u>	<u>\$ 37,921</u>

The City is focused on replacing aging equipment. Many capital assets have reached a point where maintenance and repairs are frequent, making cost of ownership high. The Police Department has put off purchasing of patrol vehicles in the past to build reserves necessary for financial stability and Public Works has been working with vehicles and equipment that, in some cases, are 30 years old. Maintaining a healthy fleet is critical to keeping operational costs as low as possible. As such, in 2020, the Police Department purchased one new patrol vehicle and a new Detective vehicle. The Dodge Durango replaced one aged patrol vehicles to continue a regular replacement cycle. Additionally, a high-performance storage area network (SAN) which created redundancy for computer systems at the Police Department. Public Works purchased two new work trucks that are now being used by the streets team. These crew vehicles are bigger and hold more equipment requiring fewer return trips to the Public Works yard increasing efficiency. Additionally, a plan is in place ensure that funds are set aside annually to begin a smart, regular replacement cycle. As the City continues to replace aged assets, reserves will ensure timely replacements once the equipment has reached its peak efficiency.

Long-term Debt

The City's long-term debt at June 30, 2020 and 2019 is summarized below.

General Obligation Debt
June 30,
(in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Loans/leases	\$ 14	\$ 39	\$ 14,591	\$ 15,644	\$ 14,605	\$ 15,683

For more detailed information on the City's debt and amortization terms refer to pages 40-43 of the notes.

The City's long-term debt, incurred to pay for the Water Treatment Plant and the Infiltration and Inflow work related to the sewer system, accounts for approximately 2.44% of the City's Real Market Value (RMV) of property in the city. City policy allows for total debt of \$22.2 million based on today's RMV. For the existing loans, final payments range between fiscal years 2021 with the last payment slated for 2040.

Looking forward, the City has continued working with the engineering services firm, Murraysmith, who has continued design work on a refurbished Wastewater Treatment Plant. The Wastewater Treatment Rehabilitation Project is estimated to cost between \$28-31 million. Final design work is expected to be completed in the early months of the 2022 fiscal year with construction beginning shortly thereafter.

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 (water, sewer, police, etc.). Existing expenditures in the General Fund include the operational expenses for the Sweet Home Municipal Court, Community & Economic Development and city parks. Revenues are generated through a very small permanent tax rate of \$1.42 per \$1,000 of assessed value, state revenue sharing, franchise fees from utilities and service fees such as building permits, court fines and fees, and more. The General Fund also previously received transfers from all of the operational funds to cover administrative costs. Administrative costs include the costs to run the Finance Department which produces payroll and other financial services for each of the City's departments, the City's Managers office which provides human resource and management support, and costs for City-wide services such as the website, auditing, City Attorney and more. The transfers from the Library and Police Department ceased in the early 2000s as concerns over diminishing resources (primarily property taxes) but the services provided by the aforementioned operations continued to support these departments.

To enhance transparency surrounding administrative charges and keep General Fund monies open for meeting Council goals, the City proposed during the 2020 budget development the creation of an Internal Services Fund with distributions from City departments. An internal service fund, allowed by Oregon Administrative Rules, is a fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. The City chose to place the expenditures listed above in the internal service fund and created a reimbursement calculation based on expenditure type (i.e. by person employed for payroll costs and other HR support, split evenly for the City website expenses, etc.). The internal services fund is included in the audit of fiscal year 2020 and more information can be found on page 99.

Wastewater Treatment

At the end of fiscal year 2017, the Wastewater Fund was carrying a deficit fund balance after expenses outpaced revenues for several years. To rectify the situation, the City Council reviewed the sewer utility rates. In November 2017, Council revised the sewer commodity charge by \$3.66 to \$9.78 per 100 cubic feet for consumption over 300 cubic feet (originally 400 cubic feet). This increase resulted in an average bill increase of \$17.10 per month. The additional utility revenue was effective in paying off the deficit while continuing to build a reserve for this audited fiscal year. With the fund no longer operating in a deficit, staff proposed the next budget year to leave the sewer rate at the November change. For the 2021 fiscal year, it is projected that these rates will produce nearly \$760k toward reaching \$7.0 million in available funds with no change in sewer rates. This projected influx to the Wastewater Fund will be used to cover a portion of the charges for the rehabilitation project at the Wastewater Treatment Plant which is slated to be completed in 2024.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) 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 Finance Director/City Treasurer at 3225 Main Street, Sweet Home, Oregon 97386.

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BASIC FINANCIAL STATEMENTS

CITY OF SWEET HOME, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2020

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 6,836,922	\$ 5,225,340	\$ 12,062,262
Accounts receivable	200,472	592,141	792,613
Property taxes receivable	190,207	-	190,207
Assessment liens receivable	18,596	84,791	103,387
Loans receivable	303,414	-	303,414
Prepaid expenses	71,222	-	71,222
Internal balances	(673,986)	673,986	-
Inventories	-	85,623	85,623
OPEB asset	18,885	-	18,885
Non-depreciable capital assets	3,785,498	15,932,880	19,718,378
Other capital assets, net of depreciation	8,757,026	9,444,711	18,201,737
<i>Total Assets</i>	19,508,256	32,039,472	51,547,728
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	832,709	-	832,709
Deferred outflows related to OPEB	71,428	6,268	77,696
<i>Total Deferred Outflows</i>	904,137	6,268	910,405
LIABILITIES			
Accounts payable	188,540	355,856	544,396
Deposits payable	-	166,984	166,984
Accrued interest payable	-	100,318	100,318
Noncurrent liabilities:			
Due within one year:			
Long-term debt	13,568	1,074,796	1,088,364
Accrued compensated absences	197,087	12,873	209,960
Due in more than one year:			
Long-term debt	-	13,515,930	13,515,930
OPEB Liability	253,087	23,900	276,987
Net pension liability	1,546,618	-	1,546,618
<i>Total Liabilities</i>	2,198,900	15,250,657	17,449,557
DEFERRED INFLOWS			
Deferred inflows related to pensions	128,127	-	128,127
Deferred inflows related to OPEB	10,409	631	11,040
<i>Total Deferred Inflows</i>	138,536	631	139,167
NET POSITION			
Net investment in capital assets	12,542,524	10,786,865	23,329,389
Restricted for:			
Public safety	1,966,240	-	1,966,240
Construction	-	1,169,979	1,169,979
Community development	2,863,994	-	2,863,994
Library	454,172	-	454,172
Debt service	-	589,633	589,633
Unrestricted	248,027	4,247,975	4,496,002
<i>Total Net Position</i>	\$ 18,074,957	\$ 16,794,452	\$ 34,869,409

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

CITY OF SWEET HOME, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,348,712	\$ 487,441	\$ 90	\$ -
Library	342,430	7,146	17,161	-
Parks	1,183,393	-	160,444	-
Community development	1,544,077	1,472	737,523	-
Public safety	3,448,951	219,226	97,022	-
Community center	32,685	-	37,569	-
<i>Total Governmental activities</i>	7,900,248	715,285	1,049,809	-
Business-type activities:				
Water	2,009,062	2,378,772	-	51,601
Sewer	1,662,929	2,949,964	-	26,247
Stormwater	290,352	63,385	-	-
<i>Total Business-type activities</i>	3,962,343	5,392,121	-	77,848
<i>Total Activities</i>	<u>\$ 11,862,591</u>	<u>\$ 6,107,406</u>	<u>\$ 1,049,809</u>	<u>\$ 77,848</u>
General Revenues:				
Property taxes				
Franchise taxes				
Intergovernmental				
Miscellaneous				
<i>Total General Revenues</i>				
<i>Gain on sale of asset</i>				
<i>Transfers</i>				
<i>Change in net position</i>				
<i>Net Position - beginning of year</i>				
<i>Net Position - end of year</i>				

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

<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
\$ (861,181)	\$ -	\$ (861,181)
(318,123)	-	(318,123)
(1,022,949)	-	(1,022,949)
(805,082)	-	(805,082)
(3,132,703)	-	(3,132,703)
4,884	-	4,884
<hr/>		
(6,135,154)	-	(6,135,154)
-	421,311	421,311
-	1,313,282	1,313,282
-	(226,967)	(226,967)
<hr/>		
-	1,507,626	1,507,626
<hr/>		
(6,135,154)	1,507,626	(4,627,528)
4,120,054	-	4,120,054
384,787	-	384,787
332,509	-	332,509
224,455	121,286	345,741
<hr/>		
5,061,805	121,286	5,183,091
205,290	-	205,290
9,995	(9,995)	-
<hr/>		
(858,064)	1,618,917	760,853
18,933,021	15,175,535	34,108,556
<hr/>		
<u>\$ 18,074,957</u>	<u>\$ 16,794,452</u>	<u>\$ 34,869,409</u>

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

CITY OF SWEET HOME, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Special Revenue</u>		
	<u>General</u>	<u>Public Safety</u>	<u>State Gas Tax</u>
ASSETS			
Cash and investments	\$ 1,299,679	\$ 1,786,274	\$ 386,402
Accounts receivable	1,069,844	-	39,335
Property taxes receivable	31,137	138,433	-
Assessment liens receivable	752	-	-
Loans receivable	-	-	-
Prepaid expenses	69,445	1,296	-
Due from other funds	4,697	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 2,475,554	\$ 1,926,003	\$ 425,737
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 110,134	\$ 15,277	\$ 8,491
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	110,134	15,277	8,491
Deferred Inflows			
Unavailable revenue	1,048,969	138,433	-
Fund Balance:			
Non-spendable	69,445	1,296	-
Restricted for:			
Public safety	-	1,770,997	-
Community development	-	-	417,246
Library	-	-	-
Committed to:			
Parks	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Unrestricted	1,247,006	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	1,316,451	1,772,293	417,246
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities, Deferred Inflows, and Fund Balances</i>	\$ 2,475,554	\$ 1,926,003	\$ 425,737

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 3,341,849	\$ 6,814,204
6,968	1,116,147
20,637	190,207
17,844	18,596
303,414	303,414
278	71,019
-	4,697
\$ 3,690,990	\$ 8,518,284
\$ 3,690,990	\$ 8,518,284
\$ 29,352	\$ 163,254
678,683	678,683
708,035	841,937
342,161	1,529,563
278	71,019
55,514	1,826,511
2,142,440	2,559,686
433,257	433,257
68,981	68,981
10,229	10,229
560,153	560,153
(630,058)	616,948
2,640,794	6,146,784
\$ 3,690,990	\$ 8,518,284

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, 2020

Fund Balances \$ 6,146,784

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	1,529,563
Court receivables, net of allowance	(962,410)

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.

Cost	42,605,944
Accumulated depreciation	(30,063,420)

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	(13,568)
Accrued compensated absences	(197,087)
Net pension liability	(1,546,618)
Net OPEB liability	(170,028)

Deferred outflows/inflows related to pensions and postemployment benefits are not financial resources/requirements in governmental funds, but are reported in the Statement of Net Position.

Deferred outflows	887,308
Deferred inflows	(136,842)

Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities and net position are reported along with governmental activities in the Statement of Net Position.

(4,669)

<i>Net Position of Governmental Activities</i>	\$ 18,074,957
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CITY OF SWEET HOME, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue		
	General Fund	Public Safety	State Gas Tax
REVENUES			
Taxes and assessments	\$ 707,943	\$ 2,990,576	\$ -
Licenses and permits	594,272	977	-
Charges for services	25,090	-	-
Intergovernmental	452,411	97,022	635,826
Fines and forfeitures	197,524	-	-
Miscellaneous	125,153	54,632	5,759
<i>Total Revenues</i>	2,102,393	3,143,207	641,585
EXPENDITURES			
Current			
General government	709,872	-	-
Library	-	-	-
Parks	262,344	-	-
Community development	657,997	-	533,131
Public safety	257,523	2,995,508	-
Community center	-	-	-
Debt Service			
Interest	-	-	-
Capital outlay	286,604		139
<i>Total Expenditures</i>	2,174,340	2,995,508	533,270
REVENUES OVER (UNDER) EXPENDITURES	(71,947)	147,699	108,315
OTHER FINANCING SOURCES (USES)			
Transfers in	280	300	-
Transfers out	(1,151)	(10,000)	(1,932)
Proceeds from sales of assets	-	-	-
<i>Total Other Financing Sources (Uses)</i>	(871)	(9,700)	(1,932)
NET CHANGE IN FUND BALANCE	(72,818)	137,999	106,383
FUND BALANCE, beginning of year	1,389,269	1,634,294	310,863
FUND BALANCE, end of year	\$ 1,316,451	\$ 1,772,293	\$ 417,246

<i>Other Governmental</i>	
<i>Funds</i>	<i>Total</i>
\$ 445,637	\$ 4,144,156
-	595,249
-	25,090
114,949	1,300,208
4,237	201,761
137,529	323,073
<hr/>	<hr/>
702,352	6,589,537
-	709,872
449,657	449,657
-	262,344
190,386	1,381,514
-	3,253,031
32,685	32,685
20,000	20,000
320,960	607,703
<hr/>	<hr/>
1,013,688	6,716,806
<hr/>	<hr/>
(311,336)	(127,269)
104,877	105,457
(82,379)	(95,462)
207,610	207,610
<hr/>	<hr/>
230,108	217,605
<hr/>	<hr/>
(81,228)	90,336
2,722,022	6,056,448
<hr/>	<hr/>
\$ 2,640,794	\$ 6,146,784
<hr/>	<hr/>

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

CITY OF SWEET HOME, OREGON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 90,336

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. (45,461)

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. (24,878)

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 593,157
Depreciation (1,110,128)
Net book value of dispositions (2,320)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Position.

Capital leases paid 25,305

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. (379,406)

Net income of internal service funds (4,669)

Change in Net Position of Governmental Activities \$ (858,064)

CITY OF SWEET HOME, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

				<i>Governmental Activities</i>	
	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Total</i>	<i>Internal Service</i>
ASSETS					
Current Assets					
Cash and investments	\$ 1,943,646	\$ 3,020,332	\$ 261,362	\$ 5,225,340	\$ 22,718
Accounts receivable	242,801	342,577	6,763	592,141	46,735
Inventories	49,005	36,618	-	85,623	-
Due from other funds	673,986	-	-	673,986	-
Prepaid expenses	-	-	-	-	202
<i>Total Current Assets</i>	2,909,438	3,399,527	268,125	6,577,090	69,655
Noncurrent Assets					
Assessment liens receivable	50,342	34,449	-	84,791	-
Nondepreciable capital assets	-	15,932,880	-	15,932,880	-
Other capital assets, net of depreciation	8,877,784	566,362	565	9,444,711	-
<i>Total Noncurrent Assets</i>	8,928,126	16,533,691	565	25,462,382	-
<i>Total Assets</i>	11,837,564	19,933,218	268,690	32,039,472	69,655
DEFERRED OUTFLOWS					
Deferred outflows related to OPEB	4,415	1,745	108	6,268	16,829
LIABILITIES					
Current Liabilities					
Accounts payable	64,814	290,684	358	355,856	25,285
Deposits payable	166,984	-	-	166,984	-
Accrued interest payable	83,598	16,720	-	100,318	-
Current portion of long-term liabilities	-	-	-	-	-
Long-term debt	356,354	718,442	-	1,074,796	-
Accrued compensated absences	9,651	2,929	293	12,873	-
<i>Total Current Liabilities</i>	681,401	1,028,775	651	1,710,827	25,285
Noncurrent Liabilities					
Long-term debt	7,144,624	6,371,306	-	13,515,930	-
OPEB Liability	16,836	6,653	411	23,900	64,174
<i>Total Noncurrent Liabilities</i>	7,161,460	6,377,959	411	13,539,830	64,174
<i>Total Liabilities</i>	7,842,861	7,406,734	1,062	15,250,657	89,459
DEFERRED INFLOWS					
Deferred inflows related to OPEB	444	176	11	631	1,694
FUND NET POSITION					
Net investment in capital assets	1,376,806	9,409,494	565	10,786,865	-
Restricted for debt service	-	589,633	-	589,633	-
Restricted for construction	577,965	580,603	11,411	1,169,979	-
Unrestricted	2,043,903	1,948,323	255,749	4,247,975	(4,669)
<i>Total Fund Net Position (Deficit)</i>	\$ 3,998,674	\$ 12,528,053	\$ 267,725	\$ 16,794,452	\$ (4,669)

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, 2020**

					<i>Governmental Activities</i>
	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Total</i>	<i>Internal Service</i>
OPERATING REVENUES					
Charges for services	\$ 2,378,772	\$ 2,949,964	\$ 63,385	\$ 5,392,121	\$ 1,265,949
Licenses and permits	-	-	-	-	283,794
Miscellaneous	18,144	7,006	-	25,150	-
<i>Total Operating Revenues</i>	<u>2,396,916</u>	<u>2,956,970</u>	<u>63,385</u>	<u>5,417,271</u>	<u>1,549,743</u>
OPERATING EXPENSES					
Personal services	316,710	127,666	8,698	453,074	1,262,031
Materials and services	1,223,908	1,158,848	24,049	2,406,805	292,381
Depreciation	322,043	246,863	257,605	826,511	-
<i>Total Operating Expenses</i>	<u>1,862,661</u>	<u>1,533,377</u>	<u>290,352</u>	<u>3,686,390</u>	<u>1,554,412</u>
OPERATING INCOME (LOSS)	534,255	1,423,593	(226,967)	1,730,881	(4,669)
NONOPERATING REVENUES (EXPENSES)					
Investment revenue	45,131	47,376	3,629	96,136	-
Interest expense	(146,401)	(129,552)	-	(275,953)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(101,270)</u>	<u>(82,176)</u>	<u>3,629</u>	<u>(179,817)</u>	<u>-</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	432,985	1,341,417	(223,338)	1,551,064	(4,669)
Capital contributions	51,601	26,247	-	77,848	-
Transfers in	420,320	1,204,160	-	1,624,480	-
Transfers out	(428,383)	(1,206,092)	-	(1,634,475)	-
CHANGE IN FUND NET POSITION	476,523	1,365,732	(223,338)	1,618,917	(4,669)
FUND NET POSITION, beginning of year	<u>3,522,151</u>	<u>11,162,321</u>	<u>491,063</u>	<u>15,175,535</u>	<u>-</u>
FUND NET POSITION (Deficit), end of year	<u>\$ 3,998,674</u>	<u>\$ 12,528,053</u>	<u>\$ 267,725</u>	<u>\$ 16,794,452</u>	<u>\$ (4,669)</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Totals</i>	<i>Internal Service</i>
CASH FLOWS FROM OPERATING ACTIVITIES					
Collected from customers	\$ 2,415,332	\$ 2,973,490	\$ 63,673	\$ 5,452,495	\$ 1,503,008
Paid to suppliers	(1,221,967)	(891,725)	(23,691)	(2,137,383)	(267,298)
Paid to employees	(334,463)	(139,965)	(12,431)	(486,859)	(1,212,992)
<i>Net Cash Provided by Operating Activities</i>	858,902	1,941,800	27,551	2,828,253	22,718
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Received from (paid to) other funds	126,014	-	-	126,014	-
Transfers in	420,320	1,204,160	-	1,624,480	-
Transfers out	(428,383)	(1,206,092)	-	(1,634,475)	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	117,951	(1,932)	-	116,019	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(10,710)	(890,536)	-	(901,246)	-
Principal paid on long-term debt	(348,391)	(704,613)	-	(1,053,004)	-
Contribution of capital	49,973	24,686	-	74,659	-
Interest paid	(149,825)	(131,895)	-	(281,720)	-
<i>Net Cash Used in Capital and Related Financing Activities</i>	(458,953)	(1,702,358)	-	(2,161,311)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	45,131	47,376	3,629	96,136	-
CASH AND INVESTMENTS, Beginning of year	1,380,615	2,735,446	230,182	4,346,243	-
CASH AND INVESTMENTS, End of year	<u>\$ 1,943,646</u>	<u>\$ 3,020,332</u>	<u>\$ 261,362</u>	<u>\$ 5,225,340</u>	<u>\$ 22,718</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
YEAR ENDED JUNE 30, 2020

	<u>Water Operations</u>	<u>Wastewater Operations</u>	<u>Non-Major Storm Water Operations</u>	<u>Totals</u>	<u>Internal Service</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 534,255	\$ 1,423,593	\$ (226,967)	\$ 1,730,881	\$ (4,669)
Depreciation	322,043	246,863	257,605	826,511	-
Change in assets and liabilities:					
Accounts receivable	13,790	16,520	288	30,598	(46,735)
Deferred outflows	1,385	1,904	641	3,930	(16,829)
Inventory	2,612	-	-	2,612	-
Prepaid expenses	-	-	-	-	(202)
Accounts payable and accrued liabilities	(670)	267,123	358	266,811	25,285
Customer deposits	4,625	-	-	4,625	-
Accrued vacation payable	(13,939)	(6,889)	(1,895)	(22,723)	-
OPEB liability	(4,908)	(7,028)	(2,395)	(14,331)	64,174
Deferred inflows	(291)	(286)	(84)	(661)	1,694
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 858,902</u>	<u>\$ 1,941,800</u>	<u>\$ 27,551</u>	<u>\$ 2,828,253</u>	<u>\$ 22,718</u>

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basic Financial Statements

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

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

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

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

Basis of Presentation

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

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.

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following major governmental funds:

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

Special Revenue Funds

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

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

The City reports the following major proprietary funds:

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

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

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

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

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Revenue Funds (Continued)

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

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

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

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

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

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

Capital Projects Funds

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

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

Debt Service Fund

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

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

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

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

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

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

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

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

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

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

Definitions of Governmental Fund Types

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

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

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

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

Use of Estimates

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

Cash and Investments

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Unavailable Revenues

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

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

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

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

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

Inventory

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

Capital Assets

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

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

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

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflows of resources related to pensions and other post-employment benefits for contributions made after the June 30, 2019 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.

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

Accrued Compensated Absences

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

Encumbrances

The City does not utilize encumbrances.

Budget and Budgetary Accounting

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

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting (Continued)

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

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

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

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

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2020:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 2,683	\$ 2,683
Deposits with financial institutions	520,038	520,038
Certificates of deposit	146,481	146,481
Investments		
Local Government Investment Pool	11,393,060	11,393,060
	<u>\$ 12,062,262</u>	<u>\$ 12,062,262</u>

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

CASH AND INVESTMENTS (Continued)

Deposits

The book balance of the City's bank deposits with various financial institutions was \$666,519 and the bank balance was \$934,162 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, 2020, \$434,162 of the City's bank balances were covered by the PFCP.

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. At June 30, 2020, 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.

Custodial Credit Risk - Investments

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

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

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

Business-type Activities

	Balances July 1, 2019	Increases	Decreases	Balances June 30, 2020
NON-DEPRECIABLE				
Construction in progress-sewer	\$ 15,042,344	\$ 890,536	\$ -	\$ 15,932,880
DEPRECIABLE				
Equipment-water	199,885	10,710	-	210,595
Equipment-sewer	433,780	-	-	433,780
Equipment - stormwater	1,886	-	-	1,886
Water facilities	12,072,866	-	-	12,072,866
Sewer facilities	9,782,260	-	-	9,782,260
Stormwater Infrastructure	10,296,700	-	-	10,296,700
<i>Total depreciable</i>	32,787,377	10,710	-	32,798,087
ACCUMULATED DEPRECIATION				
Equipment-water	\$ (177,535)	\$ (20,221)	\$ -	\$ (197,756)
Equipment-sewer	(431,472)	(2,307)	-	(433,779)
Equipment - stormwater	(1,134)	(188)	-	(1,322)
Water facilities	(2,906,096)	(301,822)	-	(3,207,918)
Sewer facilities	(8,971,344)	(244,556)	-	(9,215,900)
Stormwater Infrastructure	(10,039,283)	(257,417)	-	(10,296,700)
<i>Total accumulated depreciation</i>	(22,526,864)	(826,511)	-	(23,353,375)
<i>Business-type activities capital assets, net</i>	\$ 25,302,857	\$ 74,735	\$ -	\$ 25,377,592

Depreciation of \$826,511 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, 2020

CAPITAL ASSETS (Continued)

Governmental Activities

	Balances July 1, 2019	Increases	Decreases	Balances June 30, 2020
NON-DEPRECIABLE				
Land and improvements	\$ 3,536,500	\$ -	\$ (2,320)	\$ 3,534,180
Construction in progress	215,225	36,093	-	251,318
<i>Total non-depreciable</i>	3,751,725	36,093	(2,320)	3,785,498
DEPRECIABLE				
Buildings	10,775,696	-	(60,342)	10,715,354
Equipment	1,812,022	557,064	-	2,369,086
Infrastructure	25,736,008	-	-	25,736,008
<i>Total depreciable</i>	38,323,726	557,064	(60,342)	38,820,448
ACCUMULATED DEPRECIATION				
Buildings	(5,649,807)	(269,393)	60,342	(5,858,858)
Equipment	(1,518,199)	(197,335)	-	(1,715,534)
Infrastructure	(21,845,630)	(643,400)	-	(22,489,030)
<i>Total accumulated depreciation</i>	(29,013,636)	(1,110,128)	60,342	(30,063,422)
<i>Governmental activities capital assets, net</i>	\$ 13,061,815	\$ (516,971)	\$ (2,320)	\$ 12,542,524

Depreciation expense in the amount of \$1,110,128 was charged to general government on the statement of activities.

LONG-TERM DEBT

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

	Outstanding July 1, 2019	Issued	Matured/ Redeemed During Year	Outstanding June 30, 2020	Due Within One Year
<i>Governmental Activities</i>					
Direct borrowings - leases	\$ 38,873	\$ -	\$ (25,305)	\$ 13,568	\$ 13,568

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT (Continued)

	<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
<i>Business-type Activities</i>					
Direct borrowings	\$ 15,643,730	\$ -	\$ (1,053,004)	\$ 14,590,726	\$ 1,074,796

Governmental Activities - Direct Borrowings

Municipal Lease - Auto Leasing Specialists, LLC: In August 2017, the City entered into an agreement with Auto Leasing Specialists, LLC to finance the lease of a 2017 Ford Explorer. The City will repay this amount over a three year period in annual payments of \$13,496, including 7.261% interest. The lease is secured by equipment. In the event of default, the equipment may be repossessed. This lease was paid in full during the year.

Municipal Lease - Leasing Specialists, LLC: In August 2019, the City entered into an agreement with Leasing Specialists, LLC to finance the lease of a 2019 Ford Interceptor SUV. The City will repay this amount over a three year period in annual payments of \$14,439, including 6.42% interest. The lease is secured by equipment. In the event of default, the equipment may be repossessed.

\$ 13,568

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 13,568	\$ 871	\$ 14,439

Business-type Activities - Direct Borrowings

On November 26, 2002, the City signed a \$2,000,000 loan agreement with the State of Oregon Department of Environmental Quality. On April 13, 2004, the City signed an amendment for an additional \$2,000,000, bringing the total loan amount to \$4,000,000. The loan requires a reserve balance of \$268,625. The City was in compliance with the loan reserve requirement as of June 30, 2020. Funds are being disbursed from the State's Clean Water State Revolving Loan Fund to correct storm water inflow and infiltration problems that are affecting the City's wastewater system. The interest rate is set at 3.14% for twenty years. Payments of \$269,564 plus fees will continue annually until the loan is paid back. The City will make these payments utilizing wastewater revenue set aside for depreciation replacement. Final payment is scheduled for 2024-25. In the event of default, the loan becomes immediately due and payable.

\$ 1,238,403

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT (Continued)

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

\$ 5,069,425

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.

\$ 2,431,553

On April 1, 2005, the City signed a \$2,000,000 loan agreement with the State of Oregon Department of Environmental Quality. On April 30, 2005, the loan agreement was amended to reduce the interest rate to a rate in effect at the time of loan execution, which was 2.90%. On February 5, 2007, the City signed an amendment bringing the total loan amount to \$4,667,024. The loan requires a reserve balance of \$196,008. Funds will be disbursed from the State's Clean Water State Revolving Loan Fund. During the year ending June 30, 2020, the City was in compliance with the reserve requirement. Future debt service requirements for this loan are based on the payment schedule provided by the State of Oregon, which assumes full disbursement of the loan. Final payment is scheduled for 2030-31. In the event of default, the loan becomes immediately due and payable.

\$ 2,851,345

On December 16, 2009, the City signed a \$5,000,000 loan agreement with the State of Oregon Department of Environmental Quality. Funds are being disbursed from the State's Clean Water State Revolving Loan Fund to fund wastewater system improvements to reduce inflow and infiltration problems that are affecting the City's wastewater system. There is no interest charged on the loan. The loan requires a reserve balance of \$125,000. During the year ending June 30, 2020, the City was in compliance with the reserve requirement. Interest is set at 0.00% with a fee of 0.50% per annum. Final payment is scheduled for 2031-32. In the event of default, the loan becomes immediately due and payable.

\$ 3,000,000

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,074,726	\$ 261,998	\$ 1,336,724
2022	1,092,015	241,034	1,333,049
2023	1,114,787	219,587	1,334,374
2024	1,137,943	198,130	1,336,073
2025	1,161,651	175,847	1,337,498
2026-2030	4,723,645	601,134	5,324,779
2031-2035	2,922,515	228,581	3,151,096
2036-2040	1,363,444	41,175	1,404,619
	<u>\$ 14,590,726</u>	<u>\$ 1,967,486</u>	<u>\$ 16,558,212</u>

In March 2021, the City issued bonds totaling \$5,780,000 with an associated premium of \$575,329. The proceeds were used to pay the balances of the three outstanding loans with the Oregon Department of Environmental Quality, totaling \$6,232,304.

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.

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Benefits Provided (Continued)

Tier One/Tier Two Retirement Benefit (Continued)

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

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

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

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

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

OPSRP Pension Program

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OPSRP Pension Program (Continued)

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

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

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

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

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The City's contribution rates for the period were 12.48% for Tier One/Tier Two members, 2.93% for OPSRP General Service members, and 7.56% for OPSRP Police and Fire members. The City's total contributions exclusive of the 6% "pick-up" were \$115,850.

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 \$71,297 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, 2020, the City reported a liability of \$1,546,618 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019 and 2018 measurement dates, the City's proportion was 0.00894% and 0.00708%, respectively.

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$413,541. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 85,291	\$ -
Changes of assumptions	209,816	-
Net difference between projected and actual earnings on investments	-	43,845
Changes in proportionate share	418,760	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,992	84,282
Contributions subsequent to measurement date	115,850	-
Total	<u>\$ 832,709</u>	<u>\$ 128,127</u>

Deferred outflows of resources related to pensions of \$115,850 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 year ended June 30, 2021. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>		
2021	\$	279,415
2022		121,394
2023		110,018
2024		69,599
2025		8,306
Total	<u>\$</u>	<u>588,732</u>

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2017 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	2.50%
Investment Rate of Return	7.20%
Projected Salary Increases	3.50% overall payroll growth; salaries for individuals are assumed to grow at 3.50% plus assumed rates of merit/longevity increases based on service
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> RP-2014 Employees, sex-distinct, generational with unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 experience study which reviewed experience for the four-year period ending on December 31, 2016.

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50 %

Discount Rate

The discount rate used to measure the total pension liability was 7.20% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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

The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Proportionate share of the net pension liability	\$ 2,476,770	\$ 1,546,618	\$ 768,207

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, 2020 totaled \$141,583 on \$1,198,854 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, 2020 was \$157,025 on \$986,670 of covered non-contractual City payroll.

Plan Description (Continued)

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

DEFINED CONTRIBUTION PENSION PLAN (Continued)

Deferred Compensation

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

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Financial Statement Presentation

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

	<u><i>Implicit Rate Subsidy Plan</i></u>	<u><i>PERS RHIA Plan</i></u>	<u><i>Total OPEB on Financials</i></u>
Net OPEB Asset	\$ -	\$ 18,885	\$ 18,885
Deferred Outflows of Resources			
Contributions After Measurement Date	21,969	4,849	26,818
Differences Between Expected and Actual Experience	34,109	-	34,109
Changes in Proportionate Share	-	210	210
Change in Assumptions	16,559	-	16,559
Total Outflows of Resources	<u>72,637</u>	<u>5,059</u>	<u>77,696</u>
Total OPEB Liability	(276,987)	-	(276,987)
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	-	(2,490)	(2,490)
Change in Assumptions	(7,311)	(20)	(7,331)
Net Difference Between Projected and Actual Earnings	-	(1,166)	(1,166)
Changes in Proportionate Share	-	(53)	(53)
	<u>(7,311)</u>	<u>(3,729)</u>	<u>(11,040)</u>
OPEB Expense/(Income) (Included in program expenses on Statement of Activities)	11,064	(7,221)	3,843

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy

Plan Description

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

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

Benefits Provided

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	2
Active employees	50
	52
	52

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 \$276,987 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018. For the fiscal year ended June 30, 2020, the City recognized a debit to OPEB expense from this plan of \$11,064. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected an actual experience	\$ 34,109	\$ -
Changes of assumptions	16,559	7,311
Contributions subsequent to measurement date	21,969	-
	\$ 72,637	\$ 7,311
	\$ 72,637	\$ 7,311

Deferred outflows of resources related to OPEB of \$21,969 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, 2021.

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

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

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

<u>Year ended June 30:</u>	
2021	\$ (6,241)
2022	(6,241)
2023	(6,241)
2024	(6,241)
2025	(6,545)
Thereafter	(11,848)
Total	<u>\$ (43,357)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability for the June 30, 2020 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 3.50% (change from 3.87% in the previous measurement period), 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, 2019	\$ 261,519
Changes for the year:	
Service cost	16,410
Interest on total OPEB liability	10,382
Effect of assumptions changes or inputs	8,173
Benefit payments	(19,497)
Balance as of June 30, 2020	<u>\$ 276,987</u>

The effect of changes in assumptions is the result of the change in the discount rate from 3.87% to 3.50%.

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Implicit Rate Subsidy (Continued)

Sensitivity of the Total OPEB Liability

The following presents the City’s total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 299,742	\$ 276,987	\$ 256,135

Healthcare Cost Trend:

	1% Decrease (4.00% decreasing to 3.75%)	Trend Rate (5.00% decreasing to 4.75%)	1% Increase (6.00% decreasing to 5.75%)
Total OPEB Liability	\$ 248,797	\$ 276,987	\$ 310,423

PERS Retirement Health Insurance Account

Plan Description

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

Benefits Provided

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

CITY OF SWEET HOME, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2020. The City's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total for the year ended June 30, 2020 contributions was \$4,849.

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

At June 30, 2020, the City reported an asset of \$18,885 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportionate share was 0.00977%, which is a decrease from its proportion of 0.01016% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized a credit to OPEB expense from this plan of \$7,221. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred Inflow of Resources</i>
Differences between expected and actual experience	\$ -	\$ 2,490
Changes of assumptions	-	20
Net difference between projected and actual earnings	-	1,166
Changes in proportionate share	210	53
Contributions subsequent to the MD	4,849	-
Total	<u>\$ 5,059</u>	<u>\$ 3,729</u>

Deferred outflows of resources related to OPEB of \$4,849 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

PERS Retirement Health Insurance Account (Continued)

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

Year ended June 30:	
2021	\$ (1,830)
2022	(1,603)
2023	(206)
2024	120
Total	<u>\$ (3,519)</u>

Actuarial Methods and Assumptions

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

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

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, 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 (6.20%) or 1 percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Net OPEB Liability (Asset)	\$ (14,641)	\$ (18,885)	\$ (22,501)

OPEB Plan Fiduciary Net Position

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

COMMITMENTS AND CONTINGENCIES

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

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

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

TRANSFERS

Interfund transfers on a budgetary basis for the year ended June 30, 2020, consisted of the following amounts:

<u>Fund Name</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 280	\$ 54,607
Public Safety	300	7,500
State Gas Tax	-	1,449
Non-Major Governmental	78,660	61,930
Water Operations	366,391	318,696
Wastewater Operations	372,903	374,352
	<u>\$ 818,534</u>	<u>\$ 818,534</u>

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

INTERFUND RECEIVABLES AND PAYABLES

In 2019, the Water Depreciation Reserve fund issued an \$800,000 interfund loan to the Building Reserve fund for construction of the new city hall. Annual payments of principal plus interest at 2.50% are required through December 2028. For the year ended June 30, 2020, the City paid \$71,407 of principal and \$20,000 of interest on the loan.

DEFICIT FUND BALANCES

The following fund reported a deficit fund balance as of June 30, 2020:

<u>Fund Name</u>	<u>Deficit Fund Balance</u>
Public Transit Grant	\$ (17,216)
Community Center	(452)
Building Reserve	(612,390)

CITY OF SWEET HOME, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

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, 2020 occurred as follows:

<u>Fund Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General			
Materials and services	\$ 679,204	\$ 726,985	\$ (47,781)
Building Reserve			
Debt Service	-	91,407	(91,407)
Water			
Debt Service	498,154	498,215	(61)
Water SDC			
Operations	-	8,614	(8,614)
Wastewater SDC			
Operations	-	3,638	(3,638)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2021, the date on which the financial statements were available to be issued.

Subsequent to year end, the City received \$222,263 in reimbursement basis COVID relief funding for expenditures through April 22, 2021. In addition, as noted on page 43, the City issued bonds subsequent to year end to refinance three loans held with the Oregon Department of Environmental Quality.

As a result of the coronavirus pandemic (COVID-19), numerous sectors of the economy are suffering damage and the long-term economic and business consequences of this remain unknown. The extent to which this will continue to impact the City is uncertain.

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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 707,568	\$ 707,568	\$ 707,943	\$ 375
Licenses and permits	618,012	618,012	594,272	(23,740)
Charges for services	29,182	29,182	25,090	(4,092)
Intergovernmental	482,646	482,646	452,411	(30,235)
Fines and forfeitures	160,000	160,000	197,524	37,524
Miscellaneous	76,531	76,531	125,153	48,622
<i>Total Revenues</i>	2,073,939	2,073,939	2,102,393	28,454
EXPENDITURES				
Municipal court	280,803	280,803	257,523	23,280
Community and economic development	661,367	696,367	668,667	27,700
Parks and facilities	613,364	578,364	513,739	64,625
Materials and services	630,204	679,204	726,985	(47,781)
Capital outlay	-	7,500	7,426	74
Contingency	75,579	19,079	-	19,079
<i>Total Expenditures</i>	2,261,317	2,261,317	2,174,340	86,977
REVENUES OVER (UNDER) EXPENDITURES	(187,378)	(187,378)	(71,947)	115,431
OTHER FINANCING SOURCES (USES)				
Transfers in	280	280	280	-
Transfers out	(146,014)	(146,014)	(1,151)	144,863
<i>Total Other Financing Sources (Uses)</i>	(145,734)	(145,734)	(871)	144,863
NET CHANGE IN FUND BALANCE	(333,112)	(333,112)	(72,818)	260,294
FUND BALANCE, beginning of year	1,208,486	1,208,486	1,389,269	180,783
FUND BALANCE, end of year	\$ 875,374	\$ 875,374	\$ 1,316,451	\$ 441,077

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PUBLIC SAFETY FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 2,832,794	\$ 2,832,794	\$ 2,990,576	\$ 157,782
Licenses and permits	420	420	977	557
Intergovernmental	27,400	27,400	97,022	69,622
Miscellaneous	46,333	46,333	54,632	8,299
<i>Total Revenues</i>	<u>2,906,947</u>	<u>2,906,947</u>	<u>3,143,207</u>	<u>236,260</u>
EXPENDITURES				
Police department	2,963,249	3,063,249	2,995,508	67,741
Contingency	129,451	129,451	-	129,451
<i>Total Expenditures</i>	<u>3,092,700</u>	<u>3,192,700</u>	<u>2,995,508</u>	<u>197,192</u>
REVENUES OVER (UNDER) EXPENDITURES	(185,753)	(285,753)	147,699	433,452
OTHER FINANCING SOURCES (USES)				
Transfers in	300	300	300	-
Transfers out	(10,000)	(10,000)	(10,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(9,700)</u>	<u>(9,700)</u>	<u>(9,700)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(195,453)	(295,453)	137,999	433,452
FUND BALANCE, beginning of year	<u>1,526,496</u>	<u>1,526,496</u>	<u>1,634,294</u>	<u>107,798</u>
FUND BALANCE, end of year	<u>\$ 1,331,043</u>	<u>\$ 1,231,043</u>	<u>\$ 1,772,293</u>	<u>\$ 541,250</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATE GAS TAX FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 687,587	\$ 687,587	\$ 635,826	\$ (51,761)
Miscellaneous	2,200	2,200	5,759	3,559
<i>Total Revenues</i>	689,787	689,787	641,585	(48,202)
EXPENDITURES				
Streets	712,000	712,000	533,270	178,730
Contingency	18,988	18,988	-	18,988
<i>Total Expenditures</i>	730,988	730,988	533,270	197,718
REVENUES OVER (UNDER) EXPENDITURES	(41,201)	(41,201)	108,315	149,516
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,932)	(1,932)	(1,932)	-
NET CHANGE IN FUND BALANCE	(43,133)	(43,133)	106,383	149,516
FUND BALANCE, beginning of year	146,012	146,012	310,863	164,851
FUND BALANCE, end of year	\$ 102,879	\$ 102,879	\$ 417,246	\$ 314,367

CITY OF SWEET HOME, OREGON

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0089%	0.0071%	0.0057%	0.0026%	0.0000%	0.0000%	0.0000%
City's proportionate share of the net pension liability (asset)	\$ 1,546,617	\$ 1,072,333	\$ 771,872	\$ 384,674	\$ -	\$ -	\$ -
City's covered payroll	1,179,840	1,054,603	1,064,041	985,491	935,590	859,981	763,360
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.1%	101.7%	72.5%	39.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	80.2%	82.1%	83.1%	80.5%	103.6%	103.6%	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 SEVEN FISCAL YEARS¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 115,850	\$ 77,552	\$ 78,084	\$ 33,298	\$ 30,422	\$ 20,843	\$ 18,502
Contributions in relation to the contractually required contribution	(115,850)	(77,552)	(78,084)	(33,298)	(30,422)	(20,843)	(18,502)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,179,840	\$ 1,054,603	\$ 1,064,041	\$ 985,491	\$ 935,590	\$ 859,981	\$ 763,360
Contributions as a percentage of covered payroll	9.82%	7.35%	7.34%	3.38%	3.25%	2.42%	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 THREE FISCAL YEARS¹**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 16,410	\$ 15,436	\$ 16,475
Interest on total OPEB liability	10,382	7,272	5,805
Effect of economic/demographic gains or (losses)	-	44,767	-
Effect of assumption change or inputs	8,173	12,283	(11,880)
Benefit payments	(19,497)	(11,750)	(8,141)
	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	15,468	68,008	2,259
Net OPEB liability, beginning	261,519	193,511	191,252
	<hr/>	<hr/>	<hr/>
Net OPEB liability, ending	<u>\$ 276,987</u>	<u>\$ 261,519</u>	<u>\$ 193,511</u>
	<hr/>	<hr/>	<hr/>
Covered payroll	\$ 3,365,364	\$ 3,092,386	\$ 3,087,862
Total OPEB liability as a % of covered payroll	8.2%	8.5%	6.3%

Notes:

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

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

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

CITY OF SWEET HOME, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT

LAST FOUR FISCAL YEARS¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.0098%	0.0102%	0.0096%	0.0097%
City's proportionate share of the net OPEB liability (asset)	\$ (18,885)	\$ (11,338)	\$ (4,021)	\$ 2,646
City's covered payroll	1,179,840	1,054,603	1,064,041	985,491
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.6%	-1.1%	-0.4%	0.3%
Plan fiduciary net position as a percentage of the total pension liability	144.4%	124.0%	108.9%	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 FOUR FISCAL YEARS¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 4,849	\$ 4,875	\$ 4,796	\$ 2,646
Contributions in relation to the contractually required contribution	(4,849)	(4,875)	(4,796)	(2,646)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,179,840	\$ 1,054,603	\$ 1,064,041	\$ 985,491
Contributions as a percentage of covered-employee payroll	0.41%	0.46%	0.45%	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, 2020

	<i>Special Revenue</i>		
	<i>Narcotics Enforcement Reserve</i>	<i>Library Services Levy</i>	<i>Parks and Recreation Program</i>
ASSETS			
Cash and investments	\$ 55,510	\$ 437,562	\$ 69,473
Accounts receivable	-	-	-
Property taxes receivable	-	20,637	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	-	278	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 55,510	\$ 458,477	\$ 69,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ 4,305	\$ 492
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	-	4,305	492
Deferred Inflows			
Unavailable revenue	-	20,637	-
Fund Balance:			
Non-spendable	-	278	-
Restricted for:			
Community development	-	-	-
Library	-	433,257	-
Public safety	55,510	-	-
Committed to:			
Parks	-	-	68,981
Community development	-	-	-
Capital outlay	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	55,510	433,535	68,981
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 55,510	\$ 458,477	\$ 69,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Special Revenue

<i>Path Program</i>	<i>Street Maintenance and Improvements</i>	<i>Economic and Community Development</i>	<i>Community Center Operations</i>	<i>Special Assessments</i>
\$ 527,657	\$ 1,138,708	\$ 471,483	\$ -	\$ 4,858
-	-	-	6,968	-
-	-	-	-	-
-	7,109	-	-	10,735
-	-	303,414	-	-
-	-	-	-	-
<u>\$ 527,657</u>	<u>\$ 1,145,817</u>	<u>\$ 774,897</u>	<u>\$ 6,968</u>	<u>\$ 15,593</u>
\$ -	\$ -	\$ -	\$ 2,723	\$ -
-	-	-	4,697	-
-	-	-	7,420	-
-	7,109	303,414	-	11,001
-	-	-	-	-
527,657	1,138,708	471,483	-	4,592
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(452)	-
<u>527,657</u>	<u>1,138,708</u>	<u>471,483</u>	<u>(452)</u>	<u>4,592</u>
<u>\$ 527,657</u>	<u>\$ 1,145,817</u>	<u>\$ 774,897</u>	<u>\$ 6,968</u>	<u>\$ 15,593</u>

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

JUNE 30, 2020

	<u>Special Revenue</u>		
	<u>Public Transit</u>	<u>Weddle Bridge</u>	<u>Special Events</u>
	<u>Grant</u>		
ASSETS			
Cash and investments	\$ 1,068	\$ 4,951	\$ 8,826
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Prepaid expenses	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 1,068</u>	<u>\$ 4,951</u>	<u>\$ 8,826</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 18,284	\$ -	\$ 3,548
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	18,284	-	3,548
 Deferred Inflows			
Unavailable revenue	-	-	-
 Fund Balance:			
Non-spendable	-	-	-
Restricted for:			
Community development	-	-	-
Library	-	-	-
Public safety	-	-	-
Committed to:			
Parks	-	-	-
Community development	-	4,951	5,278
Capital outlay	-	-	-
Unassigned	(17,216)	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	<u>(17,216)</u>	<u>4,951</u>	<u>5,278</u>
 <i>Total Liabilities and Fund Balance</i>	 <u>\$ 1,068</u>	 <u>\$ 4,951</u>	 <u>\$ 8,826</u>

<i>Capital Projects</i>		<i>Debt Service</i>		
<i>Building Reserve</i>	<i>Project and Equipment Reserve</i>	<i>Police/Emergency Dispatch Facility G.O. Bond</i>		<i>Total</i>
\$ 61,596	\$ 560,153	\$ 4		\$ 3,341,849
-	-	-		6,968
-	-	-		20,637
-	-	-		17,844
-	-	-		303,414
-	-	-		278
\$ 61,596	\$ 560,153	\$ 4		\$ 3,690,990
\$ -	\$ -	\$ -		\$ 29,352
673,986	-	-		678,683
673,986	-	-		708,035
	-	-		342,161
-	-	-		278
-	-	-		2,142,440
-	-	-		433,257
-	-	4		55,514
-	-	-		68,981
-	-	-		10,229
-	560,153	-		560,153
(612,390)	-	-		(630,058)
(612,390)	560,153	4		2,640,794
\$ 61,596	\$ 560,153	\$ 4		\$ 3,690,990

CITY OF SWEET HOME, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue		
	Narcotics Enforcement Reserve	Library Services Levy	Parks and Recreation Program
REVENUES			
Taxes and assessments	\$ -	\$ 445,637	\$ -
Intergovernmental	-	-	-
Fines and forfeitures	140	4,097	-
Miscellaneous	952	27,802	13,186
<i>Total Revenues</i>	1,092	477,536	13,186
EXPENDITURES			
Current			
Library	-	449,657	-
Community development	-	-	-
Community center	-	-	-
Debt Service			
Interest	-	-	-
Capital outlay	27,382	-	-
<i>Total Expenditures</i>	27,382	449,657	-
REVENUES OVER (UNDER) EXPENDITURES	(26,290)	27,879	13,186
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(13,000)	-
Proceeds from sales of assets	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	(13,000)	-
NET CHANGE IN FUND BALANCE	(26,290)	14,879	13,186
FUND BALANCE (Deficit), beginning of year	81,800	418,656	55,795
FUND BALANCE (Deficit), end of year	\$ 55,510	\$ 433,535	\$ 68,981

Special Revenue

<i>Path Program</i>	<i>Street Maintenance and Improvements</i>	<i>Economic and Community Development</i>	<i>Community Center Operations</i>	<i>Special Assessments</i>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	16,500	-	-
-	-	-	-	-
6,797	16,071	14,944	37,569	63
6,797	16,071	31,444	37,569	63
-	-	-	-	-
-	-	64,692	-	-
-	-	-	32,685	-
-	-	-	-	-
-	-	-	-	-
-	-	64,692	32,685	-
6,797	16,071	(33,248)	4,884	63
68,799	-	-	-	-
-	(68,799)	-	-	(280)
-	-	-	-	-
68,799	(68,799)	-	-	(280)
75,596	(52,728)	(33,248)	4,884	(217)
452,061	1,191,436	504,731	(5,336)	4,809
\$ 527,657	\$ 1,138,708	\$ 471,483	\$ (452)	\$ 4,592

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

YEAR ENDED JUNE 30, 2020

	<i>Special Revenue</i>		
	<i>Public Transit Grant</i>	<i>Weddle Bridge</i>	<i>Special Events</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	98,449	-	-
Fines and forfeitures	-	-	-
Miscellaneous	-	68	5,867
<i>Total Revenues</i>	98,449	68	5,867
EXPENDITURES			
Current			
Library	-	-	-
Community development	116,733	-	8,961
Community center	-	-	-
Debt Service			
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	116,733	-	8,961
REVENUES OVER (UNDER) EXPENDITURES	(18,284)	68	(3,094)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Gain on sale of asset	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-
NET CHANGE IN FUND BALANCE	(18,284)	68	(3,094)
FUND BALANCE, beginning of year	1,068	4,883	8,372
FUND BALANCE, end of year	\$ (17,216)	\$ 4,951	\$ 5,278

<i>Capital Projects</i>		<i>Debt Service</i>	
<i>Building Reserve</i>	<i>Project and Equipment Reserve</i>	<i>Police/Emergency Dispatch Facility G.O. Bond</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ 445,637
-	-	-	114,949
-	-	-	4,237
5,375	8,835	-	137,529
5,375	8,835	-	702,352
-	-	-	449,657
-	-	-	190,386
-	-	-	32,685
20,000	-	-	20,000
39,624	253,954	-	320,960
59,624	253,954	-	1,013,688
(54,249)	(245,119)	-	(311,336)
-	36,078	-	104,877
-	-	(300)	(82,379)
207,610	-	-	207,610
207,610	36,078	(300)	230,108
153,361	(209,041)	(300)	(81,228)
(765,751)	769,194	304	2,722,022
\$ (612,390)	\$ 560,153	\$ 4	\$ 2,640,794

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NARCOTICS ENFORCEMENT RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 140	\$ 140
Miscellaneous	700	700	952	252
<i>Total Revenues</i>	700	700	1,092	392
EXPENDITURES				
Police department	45,000	45,000	27,382	17,618
NET CHANGE IN FUND BALANCE	(44,300)	(44,300)	(26,290)	18,010
FUND BALANCE, beginning of year	79,805	79,805	81,800	1,995
FUND BALANCE, end of year	<u>\$ 35,505</u>	<u>\$ 35,505</u>	<u>\$ 55,510</u>	<u>\$ 20,005</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY SERVICES LEVY FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 411,126	\$ 411,126	\$ 445,637	\$ 34,511
Fines and forfeitures	3,373	3,373	4,097	724
Miscellaneous	7,674	7,674	27,802	20,128
<i>Total Revenues</i>	422,173	422,173	477,536	55,363
EXPENDITURES				
Library	534,537	534,537	449,657	84,880
Contingency	19,211	19,211	-	19,211
REVENUES OVER (UNDER) EXPENDITURES	(131,575)	(131,575)	27,879	159,454
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,000)	(13,000)	(13,000)	-
NET CHANGE IN FUND BALANCE	(144,575)	(144,575)	14,879	159,454
FUND BALANCE, beginning of year	372,184	372,184	418,656	46,472
FUND BALANCE, end of year	\$ 227,609	\$ 227,609	\$ 433,535	\$ 205,926

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PARKS AND RECREATION PROGRAM FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,922	\$ 1,922	\$ 13,186	\$ 11,264
EXPENDITURES				
Parks and facilities	17,422	17,422	-	17,422
NET CHANGE IN FUND BALANCE	(15,500)	(15,500)	13,186	28,686
FUND BALANCE, beginning of year	15,500	15,500	55,795	40,295
FUND BALANCE, end of year	\$ -	\$ -	\$ 68,981	\$ 68,981

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PATH PROGRAM FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 4,500	\$ 4,500	\$ 6,797	\$ 2,297
EXPENDITURES				
Streets	75,000	75,000	-	75,000
REVENUES OVER (UNDER) EXPENDITURES	(70,500)	(70,500)	6,797	77,297
OTHER FINANCING SOURCES (USES)				
Transfers in	68,799	68,799	68,799	-
NET CHANGE IN FUND BALANCE	(1,701)	(1,701)	75,596	77,297
FUND BALANCE, beginning of year	367,945	367,945	452,061	84,116
FUND BALANCE, end of year	\$ 366,244	\$ 366,244	\$ 527,657	\$ 161,413

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET MAINTENANCE AND IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 18,500	\$ 18,500	\$ 16,071	\$ (2,429)
EXPENDITURES				
Streets	75,000	75,000	-	75,000
REVENUES OVER (UNDER) EXPENDITURES	(56,500)	(56,500)	16,071	72,571
OTHER FINANCING SOURCES (USES)				
Transfers out	(68,799)	(68,799)	(68,799)	-
NET CHANGE IN FUND BALANCE	(125,299)	(125,299)	(52,728)	72,571
FUND BALANCE, beginning of year	1,125,299	1,125,299	1,191,436	66,137
FUND BALANCE, end of year	\$ 1,000,000	\$ 1,000,000	\$ 1,138,708	\$ 138,708

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ECONOMIC AND COMMUNITY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 16,500	\$ 16,500
Miscellaneous	5,775	5,775	14,944	9,169
<i>Total Revenues</i>	5,775	5,775	31,444	25,669
EXPENDITURES				
Economic and community development	457,531	457,531	64,692	392,839
NET CHANGE IN FUND BALANCE	(451,756)	(451,756)	(33,248)	418,508
FUND BALANCE, beginning of year	451,756	451,756	504,731	52,975
FUND BALANCE, end of year	\$ -	\$ -	\$ 471,483	\$ 471,483

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMMUNITY CENTER OPERATIONS FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 46,030	\$ 46,030	\$ 37,569	\$ (8,461)
EXPENDITURES				
Materials and services	46,030	46,030	32,685	13,345
NET CHANGE IN FUND BALANCE	-	-	4,884	4,884
FUND BALANCE (Deficit), beginning of year	-	-	(5,336)	(5,336)
FUND BALANCE (Deficit), end of year	\$ -	\$ -	\$ (452)	\$ (452)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL ASSESSMENTS FUND
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 63	\$ 63
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(280)	(280)	(280)	-
NET CHANGE IN FUND BALANCE	(280)	(280)	(217)	63
FUND BALANCE, beginning of year	280	280	4,809	4,529
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,592</u>	<u>\$ 4,592</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC TRANSIT GRANT FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ 250,000	\$ 98,449	\$ (151,551)
EXPENDITURES				
Materials and services	-	250,000	116,733	133,267
NET CHANGE IN FUND BALANCE	-	-	(18,284)	(18,284)
FUND BALANCE, beginning of year	-	-	1,068	1,068
FUND BALANCE (Deficit), end of year	\$ -	\$ -	\$ (17,216)	\$ (17,216)

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WEDDLE BRIDGE FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 75	\$ 75	\$ 68	\$ (7)
EXPENDITURES				
Operations	4,893	4,893	-	4,893
NET CHANGE IN FUND BALANCE	(4,818)	(4,818)	68	4,886
FUND BALANCE, beginning of year	4,818	4,818	4,883	65
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,951	\$ 4,951

CITY OF SWEET HOME, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL – SPECIAL EVENTS FUND

YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ 2,975	\$ 2,975	\$ 5,867	\$ 2,892
EXPENDITURES				
Materials and services	8,007	10,407	8,961	1,446
NET CHANGE IN FUND BALANCE	(5,032)	(7,432)	(3,094)	4,338
FUND BALANCE, beginning of year	5,032	7,432	8,372	940
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,278</u>	<u>\$ 5,278</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 5,375	\$ 5,375
EXPENDITURES				
Debt service				
Principal	-	-	126,014	(126,014)
Interest	-	-	20,000	(20,000)
Capital outlay	-	53,500	39,624	13,876
<i>Total Expenditures</i>	-	53,500	185,638	(132,138)
REVENUES OVER (UNDER) EXPENDITURES	-	(53,500)	(180,263)	137,513
OTHER FINANCING SOURCES (USES)				
Gain (loss) on sale of assets	-	-	207,610	207,610
NET CHANGE IN FUND BALANCE	-	(53,500)	27,347	345,123
FUND BALANCE, beginning of year	-	53,500	34,249	(19,251)
FUND BALANCE, end of year	\$ -	\$ -	61,596	\$ 325,872
Interfund loan			(673,986)	
			\$ (612,390)	

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PROJECT AND EQUIPMENT RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 8,835	\$ (1,165)
EXPENDITURES				
Police department	153,233	183,233	89,879	93,354
Public works	230,000	230,000	164,075	65,925
<i>Total Expenditures</i>	383,233	413,233	253,954	159,279
REVENUES OVER (UNDER) EXPENDITURES	(373,233)	(403,233)	(245,119)	158,114
OTHER FINANCING SOURCES (USES)				
Transfers in	36,078	36,078	36,078	-
NET CHANGE IN FUND BALANCE	(337,155)	(367,155)	(209,041)	158,114
FUND BALANCE, beginning of year	774,296	774,296	769,194	(5,102)
FUND BALANCE, end of year	\$ 437,141	\$ 407,141	\$ 560,153	\$ 153,012

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – POLICE/EMERGENCY DISPATCH FACILITY G.O. BOND FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(300)	(300)	(300)	-
NET CHANGE IN FUND BALANCE	(300)	(300)	(300)	-
FUND BALANCE, beginning of year	300	300	304	4
FUND BALANCE, end of year	\$ -	\$ -	\$ 4	\$ 4

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Water SDC</u>	<u>Water Capital</u>	<u>Water Depreciation Reserve</u>	<u>Total Water Operations</u>
REVENUES					
Charges for services	\$ 2,378,772	\$ -	\$ -	\$ -	\$ 2,378,772
Licenses and permits	-	49,973	-	-	49,973
Miscellaneous	23,806	8,496	2,577	8,396	43,275
<i>Total Revenues</i>	2,402,578	58,469	2,577	8,396	2,472,020
EXPENDITURES					
Operations	832,109	8,614	83,182	15,296	939,201
Treatment	627,269	-	-	-	627,269
Debt service					
Principal	348,391	-	-	-	348,391
Interest	149,824	-	-	-	149,824
<i>Total Expenditures</i>	1,957,593	8,614	83,182	15,296	2,064,685
REVENUES OVER (UNDER) EXPENDITURES	444,985	49,855	(80,605)	(6,900)	407,335
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	120,000	300,320	420,320
Transfers out	(428,383)	-	-	-	(428,383)
Interfund loan payment received	-	-	-	146,014	146,014
<i>Total Other Financing Sources (Uses)</i>	(428,383)	-	120,000	446,334	137,951
NET CHANGE IN FUND BALANCE	16,602	49,855	39,395	439,434	545,286
FUND BALANCE, beginning of year	376,263	521,011	151,163	352,686	1,401,123
FUND BALANCE, end of year	\$ 392,865	\$ 570,866	\$ 190,558	\$ 792,120	\$ 1,946,409

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

NET CHANGE IN FUND BALANCE	\$ 545,286
Change in inventories	(2,612)
Change in assessments receivable	1,629
Change in interfund loan receivable	(126,014)
Depreciation	(322,043)
Capitalized expenses	10,710
Change in compensated absences	13,939
Principal payments	348,391
Change in accrued interest	3,423
Pension expense related to OPEB	3,814
CHANGE IN FUND NET POSITION	<u>\$ 476,523</u>

CITY OF SWEET HOME, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 2,412,311	\$ 2,412,311	\$ 2,378,772	\$ (33,539)
Miscellaneous	10,712	10,712	23,806	13,094
<i>Total Revenues</i>	2,423,023	2,423,023	2,402,578	(20,445)
EXPENDITURES				
Operations	909,937	889,937	832,109	57,828
Treatment	620,700	658,700	627,269	31,431
Debt service				
Principal	348,361	348,361	348,391	(30)
Interest	149,824	149,793	149,824	(31)
Contingency	55,817	37,848	-	37,848
<i>Total Expenditures</i>	2,084,639	2,084,639	1,957,593	127,046
REVENUES OVER (UNDER) EXPENDITURES	338,384	338,384	444,985	106,601
OTHER FINANCING SOURCES (USES)				
Transfers out	(424,927)	(424,927)	(428,383)	(3,456)
NET CHANGE IN FUND BALANCE	(86,543)	(86,543)	16,602	103,145
FUND BALANCE, beginning of year	287,702	287,702	376,263	88,561
FUND BALANCE, end of year	\$ 201,159	\$ 201,159	\$ 392,865	\$ 191,706

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WATER SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 38,000	\$ 38,000	\$ 49,973	\$ 11,973
Miscellaneous	6,165	6,165	8,496	2,331
<i>Total Revenues</i>	44,165	44,165	58,469	14,304
EXPENDITURES				
Operations	-	-	8,614	(8,614)
NET CHANGE IN FUND BALANCE	44,165	44,165	49,855	5,690
FUND BALANCE, beginning of year	118,591	118,591	521,011	402,420
FUND BALANCE, end of year	\$ 162,756	\$ 162,756	\$ 570,866	\$ 408,110

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER CAPITAL CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,524	\$ 1,524	\$ 2,577	\$ 1,053
EXPENDITURES				
Operations	143,750	143,750	83,182	60,568
REVENUES OVER (UNDER) EXPENDITURES	(142,226)	(142,226)	(80,605)	61,621
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
NET CHANGE IN FUND BALANCE	(22,226)	(22,226)	39,395	61,621
FUND BALANCE, beginning of year	87,104	87,104	151,163	64,059
FUND BALANCE, end of year	\$ 64,878	\$ 64,878	\$ 190,558	\$ 125,680

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER DEPRECIATION RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 8,396	\$ 5,896
EXPENDITURES				
Operations	300,000	300,000	15,296	284,704
REVENUES OVER (UNDER) EXPENDITURES	(297,500)	(297,500)	(6,900)	290,600
OTHER FINANCING SOURCES (USES)				
Transfers in	441,727	441,727	300,320	(141,407)
Interfund loan payment received	-	-	146,014	146,014
<i>Total Other Financing Sources (Uses)</i>	441,727	441,727	446,334	4,607
NET CHANGE IN FUND BALANCE	144,227	144,227	439,434	295,207
FUND BALANCE, beginning of year	84,955	84,955	352,686	267,731
FUND BALANCE, end of year	\$ 229,182	\$ 229,182	\$ 792,120	\$ 562,938

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WASTEWATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2020

	<u>Wastewater</u>	<u>Wastewater SDC</u>	<u>Wastewater Capital</u>	<u>Wastewater Depreciation Reserve</u>	<u>Total Wastewater Operations</u>
REVENUES					
Charges for services	\$ 2,949,964	\$ -	\$ -	\$ -	\$ 2,949,964
Licenses and permits	-	24,686	-	-	24,686
Miscellaneous	6,133	7,682	7,457	33,111	54,383
<i>Total Revenues</i>	<u>2,956,097</u>	<u>32,368</u>	<u>7,457</u>	<u>33,111</u>	<u>3,029,033</u>
EXPENDITURES					
Operations	620,254	3,638	4,536	926,459	1,554,887
Treatment	634,463	-	-	-	634,463
Debt service					
Principal	704,613	-	-	-	704,613
Interest	131,895	-	-	-	131,895
<i>Total Expenditures</i>	<u>2,091,225</u>	<u>3,638</u>	<u>4,536</u>	<u>926,459</u>	<u>3,025,858</u>
REVENUES OVER (UNDER) EXPENDITURES	864,872	28,730	2,921	(893,348)	3,175
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	497,204	497,204
Transfers out	(499,136)	-	-	-	(499,136)
<i>Total Other Financing Sources (Uses)</i>	<u>(499,136)</u>	<u>-</u>	<u>-</u>	<u>497,204</u>	<u>(1,932)</u>
NET CHANGE IN FUND BALANCE	365,736	28,730	2,921	(396,144)	1,243
FUND BALANCE, beginning of year	<u>4,181</u>	<u>512,163</u>	<u>537,467</u>	<u>2,011,909</u>	<u>3,065,720</u>
FUND BALANCE, end of year	<u>\$ 369,917</u>	<u>\$ 540,893</u>	<u>\$ 540,388</u>	<u>\$ 1,615,765</u>	<u>\$ 3,066,963</u>

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

NET CHANGE IN FUND BALANCE	\$ 1,243
Change in assessments receivable	1,561
Depreciation	(246,863)
Capitalized expenses	890,536
Change in compensated absences	6,889
Principal payments	704,613
Change in accrued interest	2,343
Pension expense related to OPEB	5,410
CHANGE IN FUND NET POSITION	<u>\$ 1,365,732</u>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 3,017,607	\$ 3,017,607	\$ 2,949,964	\$ (67,643)
Miscellaneous	5,000	5,000	6,133	1,133
<i>Total Revenues</i>	<i>3,022,607</i>	<i>3,022,607</i>	<i>2,956,097</i>	<i>(66,510)</i>
EXPENDITURES				
Operations	743,833	708,833	620,254	88,579
Treatment	637,663	672,663	634,463	38,200
Debt service				
Principal	704,613	704,613	704,613	-
Interest	169,683	169,683	131,895	37,788
Contingency	58,175	58,175	-	58,175
<i>Total Expenditures</i>	<i>2,313,967</i>	<i>2,313,967</i>	<i>2,091,225</i>	<i>222,742</i>
REVENUES OVER (UNDER) EXPENDITURES	708,640	708,640	864,872	156,232
OTHER FINANCING SOURCES (USES)				
Transfers out	(499,136)	(499,136)	(499,136)	-
NET CHANGE IN FUND BALANCE	209,504	209,504	365,736	156,232
FUND BALANCE, beginning of year	-	-	4,181	4,181
FUND BALANCE, end of year	\$ 209,504	\$ 209,504	\$ 369,917	\$ 160,413

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER SDC FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 21,099	\$ 21,099	\$ 24,686	\$ 3,587
Miscellaneous	7,500	7,500	7,682	182
<i>Total Revenues</i>	28,599	28,599	32,368	3,769
EXPENDITURES				
Operations	-	-	3,638	(3,638)
NET CHANGE IN FUND BALANCE	28,599	28,599	28,730	131
FUND BALANCE, beginning of year	368,631	368,631	512,163	143,532
FUND BALANCE, end of year	\$ 397,230	\$ 397,230	\$ 540,893	\$ 143,663

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER CAPITAL FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 8,500	\$ 8,500	\$ 7,457	\$ (1,043)
EXPENDITURES				
Operations	65,000	65,000	4,536	60,464
NET CHANGE IN FUND BALANCE	(56,500)	(56,500)	2,921	59,421
FUND BALANCE, beginning of year	542,507	542,507	537,467	(5,040)
FUND BALANCE, end of year	\$ 486,007	\$ 486,007	\$ 540,388	\$ 54,381

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER DEPRECIATION RESERVE FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 1,291,275	\$ 1,291,275	\$ -	\$ (1,291,275)
Miscellaneous	20,500	20,500	33,111	12,611
<i>Total Revenues</i>	1,311,775	1,311,775	33,111	(1,278,664)
EXPENDITURES				
Operations	4,391,673	4,391,673	926,459	3,465,214
REVENUES OVER (UNDER) EXPENDITURES	(3,079,898)	(3,079,898)	(893,348)	2,186,550
OTHER FINANCING SOURCES (USES)				
Transfers in	497,204	497,204	497,204	-
NET CHANGE IN FUND BALANCE	(2,582,694)	(2,582,694)	(396,144)	2,186,550
FUND BALANCE, beginning of year	2,582,694	2,582,694	2,011,909	(570,785)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,615,765	\$ 1,615,765

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
STORM WATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2020**

	<u>Storm Water</u>	<u>Storm Water SDC</u>	<u>Storm Water Capital</u>	<u>Storm Water Depreciation</u>	<u>Total Storm Water Operations</u>
REVENUES					
Charges for services	\$ 63,385	\$ -	\$ -	\$ -	\$ 63,385
Miscellaneous	499	159	1,056	1,915	3,629
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	63,884	159	1,056	1,915	67,014
EXPENDITURES					
Operations	36,480	-	-	-	36,480
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	27,404	159	1,056	1,915	30,534
FUND BALANCE, beginning of year	12,245	11,411	75,906	137,670	237,232
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 39,649	\$ 11,570	\$ 76,962	\$ 139,585	\$ 267,766
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

NET CHANGE IN FUND BALANCE	\$ 30,534
Depreciation	(257,605)
Change in compensated absences	1,895
Pension expense related to OPEB	1,838
	<hr/>
NET CHANGE IN FUND NET POSITION	\$ (223,338)
	<hr/> <hr/>

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM WATER FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 185,886	\$ 185,886	\$ 63,385	\$ (122,501)
Miscellaneous	250	250	499	249
<i>Total Revenues</i>	186,136	186,136	63,884	(122,252)
EXPENDITURES				
Operations	106,533	106,533	36,480	70,053
NET CHANGE IN FUND BALANCE	79,603	79,603	27,404	(52,199)
FUND BALANCE, beginning of year	25,131	25,131	12,245	(12,886)
FUND BALANCE, end of year	\$ 104,734	\$ 104,734	\$ 39,649	\$ (65,085)

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, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 159	\$ 59
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	100	100	159	59
FUND BALANCE, beginning of year	11,257	11,257	11,411	154
FUND BALANCE, end of year	\$ 11,357	\$ 11,357	\$ 11,570	\$ 213

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER CAPITAL FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 1,056	\$ (144)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	1,200	1,200	1,056	(144)
FUND BALANCE, beginning of year	74,377	74,377	75,906	1,529
FUND BALANCE, end of year	\$ 75,577	\$ 75,577	\$ 76,962	\$ 1,385

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER DEPRECIATION FUND
YEAR ENDED JUNE 30, 2020**

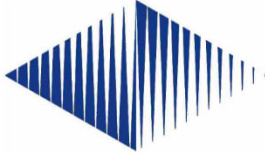
	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 2,200	\$ 2,200	\$ 1,915	\$ (285)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	2,200	2,200	1,915	(285)
FUND BALANCE, beginning of year	136,599	136,599	137,670	1,071
FUND BALANCE, end of year	\$ 138,799	\$ 138,799	\$ 139,585	\$ 786

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,333,000	\$ 1,333,000	\$ 1,265,949	\$ (67,051)
Licenses and permits	228,218	228,218	254,740	26,522
<i>Total Revenues</i>	1,561,218	1,561,218	1,520,689	(40,529)
EXPENDITURES				
Materials and services	8,255	21,255	20,245	1,010
Executive and legislative	324,827	335,927	347,911	(11,984)
Finance	514,318	519,318	554,088	(34,770)
Public works	551,530	551,530	488,187	63,343
Personnel services	106,239	101,739	94,942	6,797
Contingency	56,049	31,449	-	31,449
<i>Total Expenditures</i>	1,561,218	1,561,218	1,505,373	62,642
NET CHANGE IN FUND BALANCE	-	-	15,316	22,113
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 15,316	\$ 22,113
RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS				
NET CHANGE IN FUND BALANCE				\$ 15,316
Revenues classified as deferred for budgetary purposes				29,054
Pension expense related to OPEB				(49,039)
CHANGE IN FUND NET POSITION				\$ (4,669)

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

The Honorable Greg Mahler, 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, 2020, and have issued our report thereon dated April 22, 2021.

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:

- Overexpenditures of appropriations as detailed in the notes to the financial statements on page 57
- Deficit fund balances in the Public Transit Grant, Community Center Operations and Building Reserve funds

- A supplemental budget was passed which granted expenditure authority of \$100,000 from unappropriated fund balance in the Public Safety fund, in violation with ORS 294.398.

Internal Control Over Financial Reporting

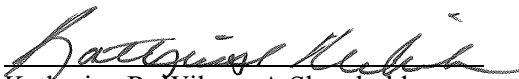
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose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

Significant deficiencies in internal controls were reported to management in a letter dated April 22, 2021.

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.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Katherine R. Wilson, A Shareholder
April 22, 2020