



City of
Sweet Home, Oregon
Annual Financial Report
For the Fiscal Year Ended
June 30, 2021

CITY OF SWEET HOME, OREGON

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



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, 2021

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

Dylan Richards

December 31, 2022

Lisa Gourley

December 31, 2024

Angelita Sanchez

December 31, 2024

Dave Trask

December 31, 2024

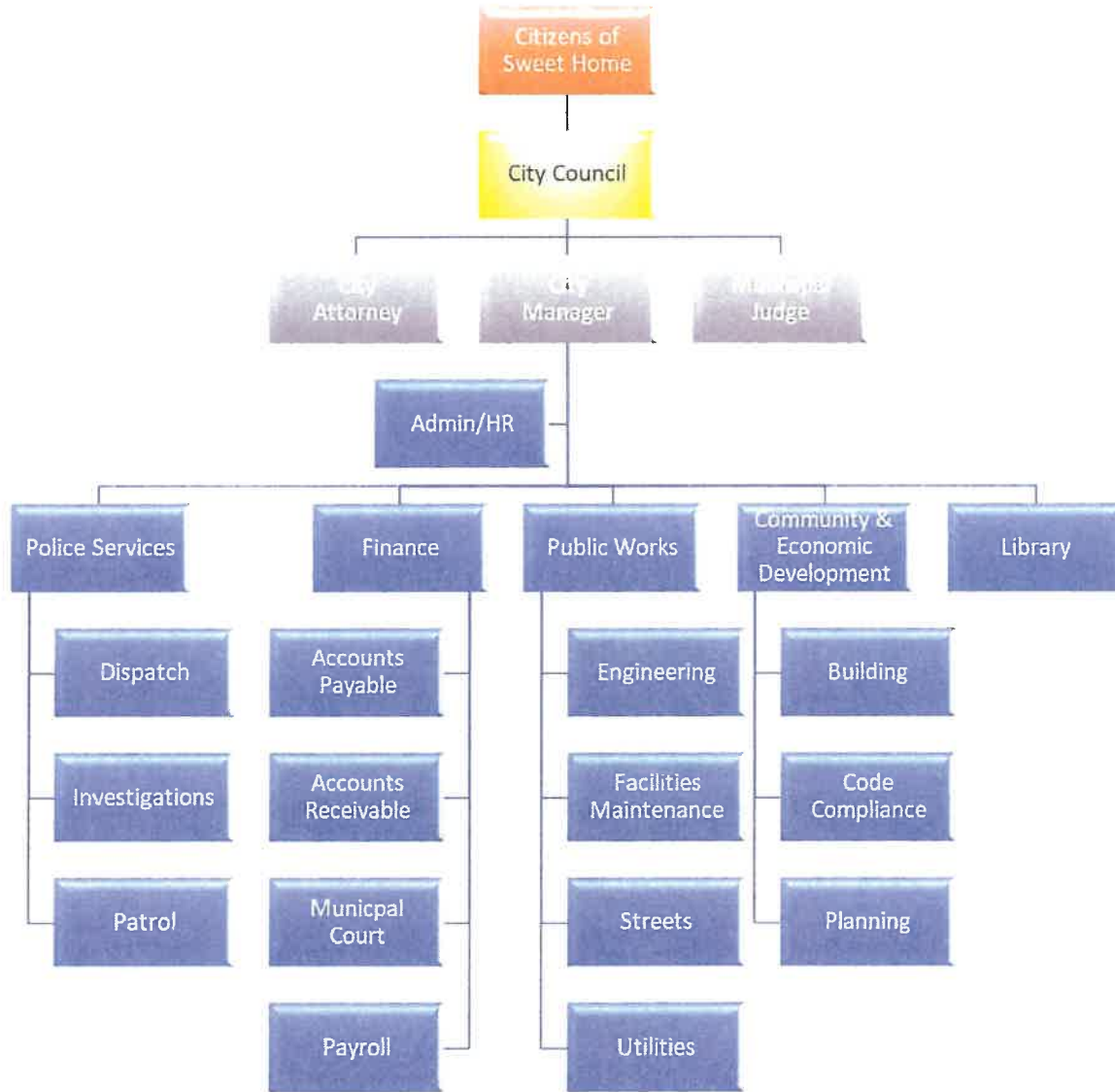
The above individuals may be contacted at the address below

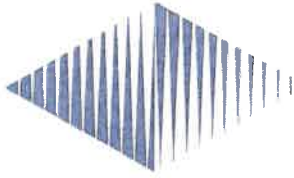
CITY ADMINISTRATION

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





GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

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, 2021, 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, 2021, 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's 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 August 12, 2022, 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: 
Ryan T. Pasquarella, A Shareholder
August 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2021

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 City's financial statements (beginning on page 16).

FINANCIAL HIGHLIGHTS

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

	<i>June 30,</i>		
	<u>2021</u>	<u>2020</u>	<u>change</u>
Net position	\$ 37,724	\$ 34,869	\$ 2,855
Change in net position	2,855	761	2,094
Governmental activities net position	18,138	18,075	63
Business-type activities net position	19,586	16,794	2,792
Change in governmental net assets	63	(858)	921
Change in proprietary net assets	2,792	1,619	1,173

The City's net position increased by \$2,855 thousand (or 8%). The increase is due to revenues exceeding expenses.

Governmental activities revenues increased by \$2,379 thousand (or 34%) due to increases in charges for services, operating grants, and taxes and assessments.

Governmental activities program costs increased by \$1,460 thousand and business-type activities program costs increased by \$73 thousand.

Charges for services in the business-type activities increased by \$340 thousand (6%) due to an increase in billing rates.

Water Operations represent 45% of all utility revenues for the City. These revenues went towards operation of the water treatment plant located off 47th Avenue.

Wastewater Operation represents 54% 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:



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 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.

Report 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 16.

	Statements of Net Position					
	June 30,					
	(in thousands)					
	2021			2020		
	<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	\$ 7,687	\$ 6,800	\$ 14,487	\$ 6,837	\$ 5,225	\$ 12,062
Other assets	153	1,375	1,528	130	1,437	1,567
Capital assets	12,254	25,588	37,842	12,543	25,378	37,921
<i>Total Assets</i>	<u>20,094</u>	<u>33,763</u>	<u>53,857</u>	<u>19,510</u>	<u>32,040</u>	<u>51,550</u>
Deferred outflows	1,035	5	1,040	904	6	910
Other liabilities	141	475	616	189	623	812
Long-term liabilities	2,634	13,702	16,336	2,011	14,628	16,639
<i>Total Liabilities</i>	<u>2,775</u>	<u>14,177</u>	<u>16,952</u>	<u>2,200</u>	<u>15,251</u>	<u>17,451</u>
Deferred Inflows	216	5	221	139	1	140
Net position:						
Net investment in capital assets	12,217	17,727	29,944	12,543	10,786	23,329
Restricted	5,896	1,181	7,077	5,284	1,760	7,044
Unrestricted	25	678	703	248	4,248	4,496
<i>Total Net Position</i>	<u>\$ 18,138</u>	<u>\$ 19,586</u>	<u>\$ 37,724</u>	<u>\$ 18,075</u>	<u>\$ 16,794</u>	<u>\$ 34,869</u>

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 17.

Statements of Activities						
June 30,						
(in thousands)						
2021			2020			
Business-						
Governmental	type					
Activities	Activities	Total	Governmental	Business-		
Activities	Activities	Total	Activities	type	Total	Total
Revenues						
Program Revenues						
Charges for service	\$ 1,855	\$ 5,732	\$ 7,587	\$ 715	\$ 5,392	\$ 6,107
Operating grants and contributions	1,568	1	1,569	1,050	-	1,050
Capital grants and contributions	-	1,029	1,029	-	78	78
General Revenues						
Taxes and assessments	4,510	-	4,510	4,120	-	4,120
Other	1,478	77	1,555	1,147	120	1,267
Total Revenues						
	9,411	6,839	16,250	7,032	5,590	12,622
Expenses						
Programs	9,360	4,035	13,395	7,900	3,962	11,862
Transfers						
	12	(12)	-	10	(10)	-
Change in Net Position						
	63	2,792	2,855	(858)	1,618	760
Beginning Net Position						
	18,075	16,794	34,869	18,933	15,176	34,109
Ending Net Position						
	\$ 18,138	\$ 19,586	\$ 37,724	\$ 18,075	\$ 16,794	\$ 34,869

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 \$1,523 thousand at year end. The fund balance increased by \$207 thousand during the current fiscal year. The fund had revenues in excess of expenditures of \$306 thousand, and net transfers out of \$100 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 76% 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 \$2,320 thousand at year end. The fund balance increased by \$547 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 \$117 thousand at year end. The fund balance decreased by \$94 thousand during the year primarily due to an increase in capital outlay expenditures.

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 \$4,498 thousand at year end, an increase of \$499 thousand during the current fiscal year due to charges for services in excess of materials and services. The fund had \$538 thousand of operating revenues in excess of operating expenses, interest expense of roughly \$113 thousand, and net transfers out to other funds of \$10 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 \$2,273 thousand during the current fiscal year, primarily due to operating revenues in excess of operating expenses of \$2,304 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 18.

Governmental Funds - Fund Balances						
June 30,						
(in thousands)						
<u>Major Funds</u>	<u>2021</u>		<u>2020</u>		<u>Compared to</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Prior Year</u>	<u>Change</u>
General	\$ 1,523	22%	\$ 1,316	21%	\$ 207	16%
Police Levy	2,320	33%	1,772	29%	548	31%
State Gas Tax	117	2%	417	7%	(300)	-72%
Other Governmental Funds	3,087	43%	2,641	44%	446	17%
Total fund balances	<u>\$ 7,047</u>	<u>100%</u>	<u>\$ 6,146</u>	<u>101%</u>	<u>\$ 901</u>	<u>15%</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 22.

Proprietary Funds - Fund Balances						
June 30,						
(in thousands)						
<u>Major Funds</u>	<u>2021</u>		<u>2020</u>		<u>Compared to</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Prior Year</u>	<u>Change</u>
Water Operations	\$ 4,498	23%	\$ 3,999	24%	\$ 499	12%
Wastewater Operations	14,801	76%	12,528	75%	2,273	18%
Other Business-type Funds	287	1%	268	1%	20	7%
Total fund net position	<u>\$ 19,586</u>	<u>100%</u>	<u>\$ 16,794</u>	<u>100%</u>	<u>\$ 2,792</u>	<u>17%</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 \$1.5 million fund balance in the General Fund and \$2.3 million in the Police Levy Fund represents nine months of reserves while the Library Services Fund ended 2021 with three months of reserves.

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

There were no changes to the General Fund adopted budget during the 2020-2021 fiscal year.

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 \$78 thousand (a \$288 thousand decrease for governmental activities and a \$211 thousand increase for business-type activities).

Capital Assets at June 30, (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 3,534	\$ 3,534	\$ -	\$ -	\$ 3,534	\$ 3,534
Buildings	10,716	10,716	21,953	21,855	32,669	32,571
Equipment	2,670	2,369	693	646	3,363	3,015
Infrastructure	25,880	25,736	10,297	10,297	36,177	36,033
Construction in progress	488	251	16,566	15,933	17,054	16,184
Accumulated depreciation	(31,034)	(30,063)	(23,920)	(23,353)	(54,954)	(53,416)
Net capital assets	<u>\$ 12,254</u>	<u>\$ 12,543</u>	<u>\$ 25,589</u>	<u>\$ 25,378</u>	<u>\$ 37,843</u>	<u>\$ 37,921</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 36-37 of the notes.

	Changes in Capital Assets		
	(in thousands)		
	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 12,543	\$ 25,378	\$ 37,921
Additions	872	778	1,650
Retirements	(189)	-	(189)
Depreciation	(972)	(567)	(1,539)
Ending balance	<u>\$ 12,254</u>	<u>\$ 25,589</u>	<u>\$ 37,843</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. Maintaining a healthy fleet is critical to keeping operational costs as low as possible. As such, in 2021, the Police Department began leasing two new Ford F-350 vehicles. As the City continues to replace aged assets, reserves will ensure timely replacements once the equipment has reached its peak efficiency. As part of a solution for purchasing assets, the city has started a lease program with Enterprise Fleet to lease vehicles to aid in the replacement of aging equipment. Typical vehicles, including Police patrol vehicles, can be leased and managed by each department to address operational needs and changes throughout the years and assists the city in controlling one-time large expenses for vehicle purchases.

Long-term Debt

The City's long-term debt at June 30, 2021 and 2020 is summarized below.

	City of Sweet Home					
	General Obligation Debt					
	June 30,					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Loans/leases	\$ 37	\$ 14	\$ 7,627	\$ 14,591	\$ 7,664	\$ 14,605
Bonds payable	-	-	5,505	-	5,505	-
<i>Total</i>	<u>\$ 37</u>	<u>\$ 14</u>	<u>\$ 13,132</u>	<u>\$ 14,591</u>	<u>\$ 13,169</u>	<u>\$ 14,605</u>

For more detailed information on the City's debt and amortization terms refer to pages 37-39 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% of the City's Real Market Value (RMV) of property in the city. City policy allows for total debt of \$28.9 million based on today's RMV. For the existing loans, final payments range between fiscal years 2021 with the last payment slated for 2040.

The City worked with the City's engineering services firm with the design work on a refurbished Wastewater Treatment Plant. The Wastewater Treatment Rehabilitation Project is estimated to cost between \$28-31 million. The City anticipates that the final design will be completed early in the subsequent 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 2021 and more information can be found on page 96.

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 2022 fiscal year, it is projected that these rates will produce nearly \$764k 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.

BASIC FINANCIAL STATEMENTS

CITY OF SWEET HOME, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2021

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and investments	\$ 7,687,099	\$ 6,799,523	\$ 14,486,622
Accounts receivable	207,505	594,124	801,629
Property taxes receivable	183,622	-	183,622
Assessment liens receivable	18,262	86,884	105,146
Loans receivable	303,414	-	303,414
Prepaid expenses	21,575	12,733	34,308
Internal balances	(600,794)	600,794	-
Inventories	-	80,333	80,333
Net OPEB asset	18,741	-	18,741
Non-depreciable capital assets	4,023,062	16,566,080	20,589,142
Other capital assets, net of depreciation	8,231,364	9,022,270	17,253,634
<i>Total Assets</i>	<u>20,093,850</u>	<u>33,762,741</u>	<u>53,856,591</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	979,555	-	979,555
Deferred outflows related to OPEB	55,795	4,926	60,721
<i>Total Deferred Outflows</i>	<u>1,035,350</u>	<u>4,926</u>	<u>1,040,276</u>
LIABILITIES			
Accounts payable	141,368	246,738	388,106
Deposits payable	-	190,784	190,784
Accrued interest payable	-	36,679	36,679
Noncurrent liabilities:			
Due within one year:			
Long-term debt	6,498	725,508	732,006
Accrued compensated absences	192,844	14,392	207,236
Due in more than one year:			
Long-term debt	30,490	7,136,061	7,166,551
Long-term bonds payable	-	5,270,000	5,270,000
Long-term bonds premiums	-	536,974	536,974
OPEB Liability	207,034	19,448	226,482
Net pension liability	2,197,068	-	2,197,068
<i>Total Liabilities</i>	<u>2,775,302</u>	<u>14,176,584</u>	<u>16,951,886</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	161,557	-	161,557
Deferred inflows related to OPEB	54,315	4,828	59,143
<i>Total Deferred Inflows</i>	<u>215,872</u>	<u>4,828</u>	<u>220,700</u>
NET POSITION			
Net investment in capital assets	12,217,438	17,726,781	29,944,219
Restricted for:			
Public safety	2,512,239	-	2,512,239
Construction	-	592,014	592,014
Community development	2,723,903	-	2,723,903
Library	659,943	-	659,943
Debt service	-	589,633	589,633
Unrestricted	24,503	677,827	702,330
<i>Total Net Position</i>	<u>\$ 18,138,026</u>	<u>\$ 19,586,255</u>	<u>\$ 37,724,281</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,121,063	\$ 1,595,626	\$ 222,337	\$ -
Library	362,323	3,636	76,823	-
Parks	1,202,252	152	1,824	-
Community development	2,019,045	120	209,791	316,957
Public safety	3,622,284	221,199	1,057,322	-
Community center	33,436	34,585	-	-
<i>Total Governmental activities</i>	<u>9,360,403</u>	<u>1,855,318</u>	<u>1,568,097</u>	<u>316,957</u>
Business-type activities:				
Water	2,149,989	2,617,010	-	243
Sewer	1,839,038	3,051,530	998	1,028,690
Stormwater	46,071	63,779	-	-
<i>Total Business-type activities</i>	<u>4,035,098</u>	<u>5,732,319</u>	<u>998</u>	<u>1,028,933</u>
<i>Total Activities</i>	<u>\$ 13,395,501</u>	<u>\$ 7,587,637</u>	<u>\$ 1,569,095</u>	<u>\$ 1,345,890</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>
\$ (303,100)	\$ -	\$ (303,100)
(281,864)	-	(281,864)
(1,200,276)	-	(1,200,276)
(1,492,177)	-	(1,492,177)
(2,343,763)	-	(2,343,763)
1,149	-	1,149
(5,620,031)	-	(5,620,031)
-	467,264	467,264
-	2,242,180	2,242,180
-	17,708	17,708
-	2,727,152	2,727,152
(5,620,031)	2,727,152	(2,892,879)
4,509,699	-	4,509,699
702,528	-	702,528
312,214	-	312,214
104,125	76,375	180,500
5,628,566	76,375	5,704,941
42,810	-	42,810
11,724	(11,724)	-
63,069	2,791,803	2,854,872
18,074,957	16,794,452	34,869,409
\$ 18,138,026	\$ 19,586,255	\$ 37,724,281

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

CITY OF SWEET HOME, OREGON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Special Revenue</u>		
	<u>General</u>	<u>Public Safety</u>	<u>State Gas Tax</u>
ASSETS			
Cash and investments	\$ 1,565,905	\$ 2,329,975	\$ 258,962
Accounts receivable	1,124,080	-	62,287
Property taxes receivable	29,710	133,952	-
Assessment liens receivable	418	-	-
Loans receivable	-	-	-
Prepaid expenses	8,728	1,469	7,070
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 2,728,841</u>	<u>\$ 2,465,396</u>	<u>\$ 328,319</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 83,909	\$ 11,842	\$ 5,169
Due to other funds	-	-	206,186
<i>Total Liabilities</i>	83,909	11,842	211,355
Deferred Inflows			
Unavailable revenue	1,121,875	133,952	-
Fund Balance:			
Non-spendable	8,728	1,469	7,070
Restricted for:			
Public safety	-	2,318,133	-
Community development	-	-	109,894
Library	-	-	-
Committed to:			
Parks	-	-	-
Community development	-	-	-
Capital outlay	-	-	-
Unrestricted	1,514,329	-	-
<i>Total Fund Balance</i>	<u>1,523,057</u>	<u>2,319,602</u>	<u>116,964</u>
<i>Total Liabilities, Deferred Inflows, and Fund Balances</i>	<u>\$ 2,728,841</u>	<u>\$ 2,465,396</u>	<u>\$ 328,319</u>

<i>Other Governmental Funds</i>	<i>Total</i>
\$ 3,501,875	\$ 7,656,717
1,362	1,187,729
19,960	183,622
17,845	18,263
303,414	303,414
-	17,267
206,186	206,186
<hr/>	<hr/>
\$ 4,050,642	\$ 9,573,198
<hr/>	<hr/>
\$ 21,421	\$ 122,341
600,794	806,980
<hr/>	<hr/>
622,215	929,321
341,484	1,597,311
-	17,267
58,685	2,376,818
2,261,215	2,371,109
639,983	639,983
49,289	49,289
13,394	13,394
578,607	578,607
(514,230)	1,000,099
<hr/>	<hr/>
3,086,943	7,046,566
<hr/>	<hr/>
\$ 4,050,642	\$ 9,573,198
<hr/>	<hr/>

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

CITY OF SWEET HOME, OREGON
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

<i>Fund Balances</i>	\$ 7,046,566
<p>The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.</p>	
Unavailable revenues	1,597,311
Court receivables, net of allowance	(1,033,551)
<p>Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.</p>	
Cost	43,288,686
Accumulated depreciation	(31,034,259)
<p>All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.</p>	
Long-term debt	(36,988)
Accrued compensated absences	(192,844)
Net pension liability	(2,197,068)
OPEB liability	(133,100)
<p>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.</p>	
Deferred outflows	1,021,373
Deferred inflows	(202,173)
<p>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.</p>	
	14,073
<i>Net Position of Governmental Activities</i>	\$ 18,138,026

CITY OF SWEET HOME, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Public Safety</u>	<u>State Gas Tax</u>
REVENUES			
Taxes and assessments	\$ 706,312	\$ 3,315,793	\$ -
Licenses and permits	427,925	901	-
Charges for services	272,518	-	-
Intergovernmental	613,442	225,459	698,424
Fines and forfeitures	217,530	-	-
Miscellaneous	67,896	62,784	3,384
<i>Total Revenues</i>	<u>2,305,623</u>	<u>3,604,937</u>	<u>701,808</u>
EXPENDITURES			
Current			
General government	530,353	-	-
Library	-	-	-
Parks	333,103	-	-
Community development	730,188	-	433,226
Public safety	239,897	2,973,684	-
Community center	-	-	-
Debt Service			
Interest	-	-	-
Capital outlay	165,629	-	360,738
<i>Total Expenditures</i>	<u>1,999,170</u>	<u>2,973,684</u>	<u>793,964</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>306,453</u>	<u>631,253</u>	<u>(92,156)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(99,847)	(83,944)	(1,940)
Proceeds from issuance of debt	-	-	-
Issuance of interfund loan	-	-	(206,186)
<i>Total Other Financing Sources (Uses)</i>	<u>(99,847)</u>	<u>(83,944)</u>	<u>(208,126)</u>
NET CHANGE IN FUND BALANCE	<u>206,606</u>	<u>547,309</u>	<u>(300,282)</u>
FUND BALANCE, beginning of year	<u>1,316,451</u>	<u>1,772,293</u>	<u>417,246</u>
FUND BALANCE, end of year	<u>\$ 1,523,057</u>	<u>\$ 2,319,602</u>	<u>\$ 116,964</u>

<i>Other Governmental</i>		
<i>Funds</i>		<i>Total</i>
\$ 494,179	\$	4,516,284
-		428,826
-		272,518
633,656		2,170,981
6,404		223,934
84,943		219,007
<hr/>		<hr/>
1,219,182		7,831,550
-		530,353
363,075		363,075
19,965		353,068
587,014		1,750,428
-		3,213,581
33,436		33,436
18,727		18,727
193,998		720,365
<hr/>		<hr/>
1,216,215		6,983,033
2,967		848,517
209,887		209,887
(13,000)		(198,731)
40,108		40,108
206,186		-
<hr/>		<hr/>
443,181		51,264
446,148		899,781
2,640,795		6,146,785
<hr/>		<hr/>
\$ 3,086,943	\$	7,046,566

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, 2021**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 899,781
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.	(3,391)
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.	4,243
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	871,996
Depreciation	(1,148,193)
Net book value of dispositions	(11,901)
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 issued	(40,108)
Capital leases paid	16,688
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.	(544,788)
Net income of internal service funds	18,742
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 63,069</u>

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

CITY OF SWEET HOME, OREGON
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Total</i>	<i>Governmental Activities Internal Service</i>
ASSETS					
Current Assets					
Cash and investments	\$ 2,371,285	\$ 4,145,999	\$ 282,239	\$ 6,799,523	\$ 30,383
Accounts receivable	246,230	341,363	6,531	594,124	53,325
Inventories	42,739	37,594	-	80,333	-
Due from other funds	600,794	-	-	600,794	-
Prepaid expenses	7,501	5,232	-	12,733	4,308
<i>Total Current Assets</i>	<u>3,268,549</u>	<u>4,530,188</u>	<u>288,770</u>	<u>8,087,507</u>	<u>88,016</u>
Noncurrent Assets					
Assessment liens receivable	51,172	35,712	-	86,884	-
Nondepreciable capital assets	-	16,566,080	-	16,566,080	-
Other capital assets, net of depreciation	8,695,332	326,561	377	9,022,270	-
<i>Total Noncurrent Assets</i>	<u>8,746,504</u>	<u>16,928,353</u>	<u>377</u>	<u>25,675,234</u>	<u>-</u>
<i>Total Assets</i>	<u>12,015,053</u>	<u>21,458,541</u>	<u>289,147</u>	<u>33,762,741</u>	<u>88,016</u>
DEFERRED OUTFLOWS					
Deferred outflows related to OPEB	3,058	1,535	333	4,926	13,977
LIABILITIES					
Current Liabilities					
Accounts payable	137,224	109,514	-	246,738	19,027
Deposits payable	190,784	-	-	190,784	-
Accrued interest payable	27,976	8,703	-	36,679	-
Current portion of long-term liabilities	-	-	-	-	-
Long-term debt	326,905	398,603	-	725,508	-
Accrued compensated absences	10,753	3,185	454	14,392	-
<i>Total Current Liabilities</i>	<u>693,642</u>	<u>520,005</u>	<u>454</u>	<u>1,214,101</u>	<u>19,027</u>
Noncurrent Liabilities					
Long-term debt	4,636,061	2,500,000	-	7,136,061	-
Long-term bonds payable	1,937,500	3,332,500	-	5,270,000	-
Long-term bond premiums	238,192	298,782	-	536,974	-
OPEB liability	12,073	6,062	1,313	19,448	55,193
<i>Total Noncurrent Liabilities</i>	<u>6,823,826</u>	<u>6,137,344</u>	<u>1,313</u>	<u>12,962,483</u>	<u>55,193</u>
<i>Total Liabilities</i>	<u>7,517,468</u>	<u>6,657,349</u>	<u>1,767</u>	<u>14,176,584</u>	<u>74,220</u>
DEFERRED INFLOWS					
Deferred inflows related to OPEB	2,997	1,505	326	4,828	13,700
FUND NET POSITION					
Net investment in capital assets	3,732,366	13,994,038	377	17,726,781	-
Restricted for debt service	-	589,633	-	589,633	-
Restricted for construction	-	580,603	11,411	592,014	-
Unrestricted	765,280	(363,052)	275,599	677,827	14,073
<i>Total Fund Net Position (Deficit)</i>	<u>\$ 4,497,646</u>	<u>\$ 14,801,222</u>	<u>\$ 287,387</u>	<u>\$ 19,586,255</u>	<u>\$ 14,073</u>

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

CITY OF SWEET HOME, OREGON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Total</i>	<i>Governmental Activities Internal Service</i>
OPERATING REVENUES					
Fines and forfeitures	\$ 599	\$ 1,029,165	\$ -	\$ 1,029,764	\$ 1,249
Charges for services	2,547,055	3,010,745	63,779	5,621,579	1,306,007
Licenses and permits	-	-	-	-	271,934
Miscellaneous	26,964	12,469	-	39,433	16,290
<i>Total Operating Revenues</i>	2,574,618	4,052,379	63,779	6,690,776	1,595,480
OPERATING EXPENSES					
Personal services	295,845	158,264	38,826	492,935	1,331,103
Materials and services	1,417,799	1,345,918	7,056	2,770,773	245,635
Depreciation	322,881	244,557	189	567,627	-
<i>Total Operating Expenses</i>	2,036,525	1,748,739	46,071	3,831,335	1,576,738
OPERATING INCOME (LOSS)	538,093	2,303,640	17,708	2,859,441	18,742
NONOPERATING REVENUES (EXPENSES)					
Investment revenue	14,314	25,290	1,954	41,558	-
Interest expense and amortization	(113,464)	(90,299)	-	(203,763)	-
<i>Total Nonoperating Revenues (Expenses)</i>	(99,150)	(65,009)	1,954	(162,205)	-
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS					
	438,943	2,238,631	19,662	2,697,236	18,742
Capital contributions	69,530	36,762	-	106,292	-
Transfers in	673,539	1,261,246	193,766	2,128,551	-
Transfers out	(683,040)	(1,263,470)	(193,766)	(2,140,276)	-
CHANGE IN FUND NET POSITION	498,972	2,273,169	19,662	2,791,803	18,742
FUND NET POSITION, beginning of year	3,998,674	12,528,053	267,725	16,794,452	(4,669)
FUND NET POSITION, end of year	\$ 4,497,646	\$ 14,801,222	\$ 287,387	\$ 19,586,255	\$ 14,073

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, 2021

	<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	\$ 2,568,604	\$ 4,049,646	\$ 64,011	\$ 6,682,261	\$ 1,588,890
Paid to suppliers	(1,320,239)	(1,529,349)	(7,415)	(2,857,003)	(255,999)
Paid to employees	(295,596)	(157,060)	(37,673)	(490,329)	(1,325,226)
<i>Net Cash Provided by Operating Activities</i>	952,769	2,363,237	18,923	3,334,929	7,665
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Received from (paid to) other funds	87,383	24,164	-	111,547	-
Transfers in	673,539	1,261,246	-	1,934,785	-
Transfers out	(683,040)	(1,259,523)	-	(1,942,563)	-
<i>Net Cash Provided by (Used in) Non-Capital Financing Activities</i>	77,882	25,887	-	103,769	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(140,429)	(633,200)	-	(773,629)	-
Proceeds from disposal of capital assets	-	-	-	-	-
Principal paid on long-term debt	(474,313)	(680,527)	-	(1,154,840)	-
Payments on debt refunding	(2,305,499)	(3,857,282)	-	(6,162,781)	-
Proceeds from issuance of debt	2,417,492	3,977,946	-	6,395,438	-
Contribution of capital	68,700	35,499	-	104,199	-
Interest paid	(183,277)	(131,183)	-	(314,460)	-
<i>Net Cash Used in Capital and Related Financing Activities</i>	(617,326)	(1,288,747)	-	(1,906,073)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	14,314	25,290	1,954	41,558	-
<i>Net Cash Provided by (Used in) Investing Activities</i>	14,314	25,290	1,954	41,558	-
<i>Increase in Cash and Investments</i>	427,639	1,125,667	20,877	1,574,183	7,665
CASH AND INVESTMENTS, Beginning of year	1,943,646	3,020,332	261,362	5,225,340	22,718
CASH AND INVESTMENTS, End of year	<u>\$ 2,371,285</u>	<u>\$ 4,145,999</u>	<u>\$ 282,239</u>	<u>\$ 6,799,523</u>	<u>\$ 30,383</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, 2021

	<i>Water Operations</i>	<i>Wastewater Operations</i>	<i>Non-Major Storm Water Operations</i>	<i>Totals</i>	<i>Internal Service</i>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 538,093	\$ 2,303,640	\$ 17,708	\$ 2,859,441	\$ 18,742
Depreciation	322,881	244,557	189	567,627	-
Change in assets and liabilities:					
Accounts receivable	(3,429)	1,214	232	(1,983)	(6,590)
Deferred outflows	1,357	210	(225)	1,342	2,852
Inventory	6,266	(976)	-	5,290	-
Prepaid expenses	(7,501)	(5,232)	-	(12,733)	(4,106)
Accounts payable and accrued liabilities	72,410	(181,170)	(359)	(109,119)	(6,258)
Customer deposits	23,800	-	-	23,800	-
Accrued vacation payable	1,102	256	161	1,519	-
OPEB liability	(4,763)	(591)	902	(4,452)	(8,981)
Deferred inflows	2,553	1,329	315	4,197	12,006
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 952,769</u>	<u>\$ 2,363,237</u>	<u>\$ 18,923</u>	<u>\$ 3,334,929</u>	<u>\$ 7,665</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, 2021

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, 2021

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

Narcotics 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, 2021

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 G.O. Bond 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, 2021

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, 2021

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, 2021

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, 2021

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 as are 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, 2020 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.

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 of postemployment benefits 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, 2021

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, 2021:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 2,683	\$ 2,683
Deposits with financial institutions	337,408	337,408
Investments		
Certificates of deposit	149,296	149,296
Local Government Investment Pool	12,499,133	12,499,133
Corporate bonds	98,896	98,896
Municipal bonds	200,229	200,229
Government agency securities - U.S.	597,777	597,777
U.S. Treasury notes and bonds	300,762	300,762
Other	300,438	300,438
	<u>\$ 14,486,622</u>	<u>\$ 14,486,622</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

CASH AND INVESTMENTS (Continued)

Deposits

The book balance of the City's bank deposits with various financial institutions was \$337,408 and the bank balance was \$957,491 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, 2021, \$603,972 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, 2021, 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, 2021

CASH AND INVESTMENTS (Continued)

Fair Value Measurements

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

The classification of securities within this fair value hierarchy is based on activity level in the market for the security type, and the inputs used to determine their fair value as follows: Level 1 – Unadjusted quoted prices for identical instruments in active markets; Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable based on market data obtained from sources independent of the reporting entity; and Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable (based on the best information available regarding assumptions market participants would use in pricing the asset). As of June 30, 2021, the City’s investments in corporate and municipal bonds are classified as level 2.

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

Business-type Activities

	<i>Balances July 1, 2020</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2021</i>
NON-DEPRECIABLE				
Construction in progress-sewer	\$ 15,932,880	\$ 633,200	\$ -	\$ 16,566,080
DEPRECIABLE				
Equipment-water	210,595	47,211	-	257,806
Equipment-sewer	433,780	-	(775)	433,005
Equipment - stormwater	1,886	-	-	1,886
Water facilities	12,072,866	93,219	-	12,166,085
Sewer facilities	9,782,260	4,755	-	9,787,015
Stormwater Infrastructure	10,296,700	-	-	10,296,700
<i>Total depreciable</i>	32,798,087	145,185	(775)	32,942,497
ACCUMULATED DEPRECIATION				
Equipment-water	\$ (197,756)	\$ (21,059)	\$ -	\$ (218,815)
Equipment-sewer	(433,780)	-	775	(433,005)
Equipment - stormwater	(1,322)	(189)	-	(1,511)
Water facilities	(3,207,918)	(301,822)	-	(3,509,740)
Sewer facilities	(9,215,900)	(244,556)	-	(9,460,456)
Stormwater Infrastructure	(10,296,700)	-	-	(10,296,700)
<i>Total accumulated depreciation</i>	(23,353,376)	(567,626)	775	(23,920,227)
<i>Business-type activities capital assets, net</i>	<u>\$ 25,377,591</u>	<u>\$ 210,759</u>	<u>\$ -</u>	<u>\$ 25,588,350</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS (Continued)

Depreciation of \$567,626 was charged to business-type activities in the same amounts as shown.

Governmental Activities

	<i>Balances July 1, 2020</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balances June 30, 2021</i>
NON-DEPRECIABLE				
Land and improvements	\$ 3,534,180	\$ -	\$ -	\$ 3,534,180
Construction in progress	251,318	237,564	-	488,882
<i>Total non-depreciable</i>	3,785,498	237,564	-	4,023,062
DEPRECIABLE				
Buildings	10,715,354	568	-	10,715,922
Equipment	2,369,086	490,020	(189,255)	2,669,851
Infrastructure	25,736,008	143,844	-	25,879,852
<i>Total depreciable</i>	38,820,448	634,432	(189,255)	39,265,625
ACCUMULATED DEPRECIATION				
Buildings	(5,858,858)	(267,884)	-	(6,126,742)
Equipment	(1,715,534)	(236,909)	177,354	(1,775,089)
Infrastructure	(22,489,030)	(643,400)	-	(23,132,430)
<i>Total accumulated depreciation</i>	(30,063,422)	(1,148,193)	177,354	(31,034,261)
<i>Governmental activities capital assets, net</i>	<u>\$ 12,542,524</u>	<u>\$ (276,197)</u>	<u>\$ (11,901)</u>	<u>\$ 12,254,426</u>

Depreciation expense in the amount of \$1,148,193 was charged to general government on the statement of activities.

LONG-TERM DEBT

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

	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2021</i>	<i>Due Within One Year</i>
<i>Governmental Activities</i>					
Direct borrowings - leases	\$ 13,568	\$ 40,108	\$ (16,688)	\$ 36,988	\$ 7,976

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

LONG-TERM DEBT (Continued)

	<i>Outstanding July 1, 2020</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2021</i>	<i>Due Within One Year</i>
<i>Business-type Activities</i>					
Direct borrowings	\$ 14,590,726	\$ 5,820,108	\$ (7,279,265)	\$ 13,131,569	\$ 725,508
Bond premiums	-	575,329	(38,355)	536,974	(38,355)
	<u>\$ 14,590,726</u>	<u>\$ 6,395,437</u>	<u>\$ (7,317,620)</u>	<u>\$ 13,668,543</u>	<u>\$ 687,153</u>

Governmental Activities - Direct Borrowings

Capital 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. This lease was paid in full during the year.

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

\$ 36,988

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

<i>Fiscal Year Ending June 30,</i>	<i>Payments</i>
2022	\$ 7,976
2023	7,976
2024	7,976
2025	7,976
2026	4,652
2027	432
	<u>\$ 36,988</u>

Business-type Activities - Direct Borrowings

Capital Lease - Enterprise: In January 2021, the City entered into an agreement with Enterprise to finance the lease of a 2021 Ford F-350. The City will repay this amount over a five year period in annual payments of \$7,976, including 4.67% interest. The lease is secured by equipment. In the event of default, the equipment may be repossessed.

\$ 37,374

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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.

\$ 4,839,195

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.

\$ 2,750,000

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

\$ 5,505,000

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

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 725,508	\$ 210,017	\$ 935,525
2023	962,833	197,117	1,159,950
2024	1,110,182	178,493	1,288,675
2025	1,182,553	156,621	1,339,174
2026	951,626	137,125	1,088,751
2027-2031	4,747,469	439,818	5,187,287
2032-2036	2,355,243	143,050	2,498,293
2037-2041	1,096,155	27,541	1,123,696
	<u>\$ 13,131,569</u>	<u>\$ 1,489,782</u>	<u>\$ 14,621,351</u>

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

Benefits Provided

Tier One/Tier Two Retirement Benefit

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

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

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Benefits Provided (Continued)

Tier One/Tier Two Retirement Benefit (Continued)

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

OPSRP Pension Program

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

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

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

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.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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, 2018 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 \$105,869.

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 \$64,434 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, 2021, the City reported a liability of \$2,197,068 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020 and 2019 measurement dates, the City's proportion was 0.01007% and 0.00894%, respectively.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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, 2021, the City recognized pension expense of \$537,035. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 96,698	\$ -
Changes of assumptions	117,910	4,131
Net difference between projected and actual earnings on investments	258,347	-
Changes in proportionate share	400,404	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	327	157,426
Contributions subsequent to measurement date	105,869	-
Total	<u>\$ 979,555</u>	<u>\$ 161,557</u>

Deferred outflows of resources related to pensions of \$105,869 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Fiscal Year Ending June 30,</i>		
2022	\$	219,747
2023		212,175
2024		170,654
2025		105,004
2026		4,549
Total	<u>\$</u>	<u>712,129</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

PENSION PLAN – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions

The total pension liability in the December 31, 2018 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> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> PUB-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> PUB-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 2018 experience study which reviewed experience for the four-year period ending on December 31, 2018.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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	9.60 %	4.07 %
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
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, 2021

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	\$ 3,262,465	\$ 2,197,068	\$ 1,303,684

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, 2021 totaled \$142,428 on \$1,188,903 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, 2021 was \$161,730 on \$1,030,428 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 and 2	-
3	50%
4	75%
5	100%

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 18,741	\$ 18,741
Deferred Outflows of Resources			
Contributions After Measurement Date	14,451	585	15,036
Differences Between Expected and Actual Experience	28,780	-	28,780
Differences Between Expected and Actual Earnings	-	2,084	2,084
Changes in Proportionate Share	-	697	697
Change in Assumptions	14,124	-	14,124
Total Outflows of Resources	<u>57,355</u>	<u>3,366</u>	<u>60,721</u>
Total OPEB Liability	(226,482)	-	(226,482)
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	(48,645)	(1,916)	(50,561)
Change in Assumptions	(7,574)	(996)	(8,570)
Net Difference Between Projected and Actual Earnings	-	-	-
Changes in Proportionate Share	-	(12)	(12)
	<u>(56,219)</u>	<u>(2,924)</u>	<u>(59,143)</u>
OPEB Expense/(Income)			
(Included in program expenses on Statement of Activities)	13,685	1,032	14,717

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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, 2020, the following employees were covered by the benefit terms:

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

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

The City's total OPEB liability of \$226,482 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020. For the fiscal year ended June 30, 2021, the City recognized a debit to OPEB expense from this plan of \$13,685. At June 30, 2021, 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	\$ 28,780	\$ 48,645
Changes of assumptions	14,124	7,574
Contributions subsequent to measurement date	14,451	-
Total	<u>\$ 57,355</u>	<u>\$ 56,219</u>

Deferred outflows of resources related to OPEB of 14,451 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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>		
2022	\$	(309)
2023		(309)
2024		(309)
2025		(5)
2026		1,214
Thereafter		(13,597)
Total	\$	<u>(13,315)</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%, 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, 2020	\$ 276,987
Changes for the year:	
Service cost	18,485
Interest on total OPEB liability	9,960
Effect of economic/demographic gains or losses	(54,963)
Effect of assumptions changes or inputs	(2,018)
Benefit payments	(21,969)
Balance as of June 30, 2021	<u>\$ 226,482</u>

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 248,119	\$ 226,482	\$ 206,504

Healthcare Cost Trend:

	<u>1% Decrease (4.00% decreasing to 3.75%)</u>	<u>Current Healthcare Trend Rate (5.00% decreasing to 4.75%)</u>	<u>1% Increase (6.00% decreasing to 5.75%)</u>
Total OPEB Liability	\$ 195,878	\$ 226,482	\$ 263,441

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, 2021

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, 2019 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 \$585.

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

At June 30, 2021, the City reported an asset of \$18,741 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2020, the City's proportionate share was 0.91977%, which is an increase from its proportion of 0.00977% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized a debit to OPEB expense from this plan of \$1,032. At June 30, 2021, 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	\$ -	\$ 1,916
Changes of assumptions	-	996
Net difference between projected and actual earnings	2,084	-
Changes in proportionate share	697	12
Contributions subsequent to the MD	585	-
	<hr/>	<hr/>
Total	\$ 3,366	\$ 2,924

Deferred outflows of resources related to OPEB of \$585 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 subsequent fiscal year. 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, 2021

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)

	<i>Year ended</i>	
	<u><i>June 30:</i></u>	
2022	\$	(1,472)
2023		(99)
2024		770
2025		658
Total	<u>\$</u>	<u>(143)</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:

	<u><i>1% Decrease</i></u>	<u><i>Discount Rate</i></u>	<u><i>1% Increase</i></u>
	<u><i>(6.20%)</i></u>	<u><i>(7.20%)</i></u>	<u><i>(8.20%)</i></u>
Net OPEB Liability (Asset)	\$ (15,130)	\$ (18,741)	\$ (21,829)

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, 2021

TRANSFERS

Interfund transfers on a budgetary basis for the year ended June 30, 2021, consisted of the following amounts:

<u>Fund Name</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 99,278
Public Safety	-	83,944
State Gas Tax	-	1,940
Non-Major Governmental	209,887	13,000
Water Operations	673,539	683,040
Wastewater Operations	1,261,246	1,263,470
Non-Major Storm Water Operations	193,766	193,766
	<u>\$ 2,338,438</u>	<u>\$ 2,338,438</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, 2021, the City paid \$71,407 of principal and \$20,000 of interest on the loan.

In 2020, the Street Improvement fund issued a \$206,186 interfund loan to the Street Maintenance Fund for the purchase of a street sweeper. Annual payments of principal are required through December 2025. For the year ended June 30, 2021, the City paid \$41,237 of principal on the loan.

DEFICIT FUND BALANCES

The following fund reported a deficit fund balance as of June 30, 2021:

<u>Fund Name</u>	<u>Deficit Fund Balance</u>
Building Reserve	(539,198)

CITY OF SWEET HOME, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2021

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, 2021 occurred as follows:

<i>Fund Name</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
General			
Community and economic development	\$ 692,222	\$ 731,986	\$ (39,764)
Non-departmental			
Personnel services	150,627	154,764	(4,137)
Materials and services	368,775	375,650	(6,875)
Public Transit Grant			
Materials and services	102,029	165,780	(63,751)
Building Reserve			
Debt service	-	91,407	(91,407)
Project and Equipment Reserve			
Debt service	-	3,632	(3,632)
Water			
Treatment	842,439	972,708	(130,269)
Debt service	500,216	685,136	(184,920)
Wastewater			
Treatment	921,852	1,077,209	(155,357)
Internal Service			
Materials and services	17,138	20,014	(1,596)
Executive and legislative	324,712	347,662	(3,784)
Public works	485,433	501,564	(16,131)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2022, the date on which the financial statements were available to be issued.

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 682,113	\$ 682,113	\$ 706,312	\$ 24,199
Licenses and permits	480,459	480,459	427,925	(52,534)
Charges for services	163,065	163,065	272,518	109,453
Intergovernmental	616,454	616,454	613,442	(3,012)
Fines and forfeitures	170,000	170,000	217,530	47,530
Miscellaneous	44,061	44,061	67,896	23,835
<i>Total Revenues</i>	<u>2,156,152</u>	<u>2,156,152</u>	<u>2,305,623</u>	<u>149,471</u>
EXPENDITURES				
Current				
Municipal court	281,011	281,011	239,897	41,114
Community and economic development	692,222	692,222	731,986	(39,764)
Parks and facilities	499,999	499,999	496,873	3,126
Non-departmental				
Personnel services	150,627	150,627	154,764	(4,137)
Materials and services	368,775	368,775	375,650	(6,875)
Contingency	78,173	78,173	-	78,173
<i>Total Expenditures</i>	<u>2,070,807</u>	<u>2,070,807</u>	<u>1,999,170</u>	<u>71,637</u>
REVENUES OVER (UNDER)				
EXPENDITURES	85,345	85,345	306,453	221,108
OTHER FINANCING SOURCES (USES)				
Transfers out	(99,847)	(99,847)	(99,847)	-
NET CHANGE IN FUND BALANCE	<u>(14,502)</u>	<u>(14,502)</u>	<u>206,606</u>	<u>221,108</u>
FUND BALANCE, beginning of year	<u>1,177,322</u>	<u>1,177,322</u>	<u>1,316,451</u>	<u>139,129</u>
FUND BALANCE, end of year	<u>\$ 1,162,820</u>	<u>\$ 1,162,820</u>	<u>\$ 1,523,057</u>	<u>\$ 360,237</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – PUBLIC SAFETY FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 3,029,373	\$ 3,029,373	\$ 3,315,793	\$ 286,420
Licenses and permits	420	420	901	481
Intergovernmental	-	-	225,459	225,459
Miscellaneous	82,201	82,201	62,784	(19,417)
<i>Total Revenues</i>	3,111,994	3,111,994	3,604,937	492,943
EXPENDITURES				
Police department	3,254,071	3,254,071	2,973,684	280,387
Contingency	237,788	237,788	-	237,788
<i>Total Expenditures</i>	3,491,859	3,491,859	2,973,684	518,175
REVENUES OVER (UNDER)				
EXPENDITURES	(379,865)	(379,865)	631,253	1,011,118
OTHER FINANCING SOURCES (USES)				
Transfers out	(83,944)	(83,944)	(83,944)	-
NET CHANGE IN FUND BALANCE	(463,809)	(463,809)	547,309	1,011,118
FUND BALANCE, beginning of year	1,702,022	1,702,022	1,772,293	70,271
FUND BALANCE, end of year	\$ 1,238,213	\$ 1,238,213	\$ 2,319,602	\$ 1,081,389

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 686,742	\$ 686,742	\$ 698,424	\$ 11,682
Miscellaneous	5,500	5,500	3,384	(2,116)
<i>Total Revenues</i>	692,242	692,242	701,808	9,566
EXPENDITURES				
Streets	446,215	446,215	433,226	12,989
Capital outlay	397,188	397,188	360,738	36,450
Contingency	30,242	30,242	-	30,242
<i>Total Expenditures</i>	873,645	873,645	793,964	79,681
REVENUES OVER (UNDER) EXPENDITURES	(181,403)	(181,403)	(92,156)	89,247
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,940)	(1,940)	(1,940)	-
Issuance of interfund loan	-	-	(206,186)	(206,186)
<i>Total Other Financing Sources (Uses)</i>	(1,940)	(1,940)	(208,126)	(206,186)
NET CHANGE IN FUND BALANCE	(183,343)	(183,343)	(300,282)	(116,939)
FUND BALANCE, beginning of year	378,147	378,147	417,246	39,099
FUND BALANCE, end of year	\$ 194,804	\$ 194,804	\$ 116,964	\$ (77,840)

CITY OF SWEET HOME, OREGON

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

	<i>Proportion of the Net Pension Liability (Asset)</i>	<i>Proportionate Share of the Net Pension Liability (Asset)</i>	<i>Covered Payroll ²</i>	<i>Proportionate Share of the NPL(A) as % of its Covered Employee Payroll</i>	<i>Plan Fiduciary Net Position as % of the Total Pension Liability</i>
2021	0.0101%	\$ 2,197,068	\$ 1,158,783	189.6%	75.8%
2020	0.0089%	1,546,617	1,179,840	131.1%	80.2%
2019	0.0071%	1,072,333	1,054,603	101.7%	82.1%
2018	0.0057%	777,872	1,064,041	72.5%	83.1%
2017	0.0026%	384,674	985,491	39.0%	80.5%
2016	0.0000%	-	859,981	0.0%	103.6%
2015	0.0000%	-	763,360	0.0%	103.6%
2014	0.0000%	-	763,360	0.0%	92.0%

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

² Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year

CITY OF SWEET HOME, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS – OREGON PUBLIC EMPLOYEES RETIREMENT
SYSTEM
LAST EIGHT FISCAL YEARS¹

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

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

CITY OF SWEET HOME, OREGON

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 18,485	\$ 16,410	\$ 15,436	\$ 16,475
Interest on total OPEB liability	9,960	10,382	7,272	5,805
Effect of economic/demographic gains or (losses)	(54,963)	-	44,767	-
Effect of assumption change or inputs	(2,018)	8,173	12,283	(11,880)
Benefit payments	(21,969)	(19,497)	(11,750)	(8,141)
Net change in total OPEB liability	(50,505)	15,468	68,008	2,259
Net OPEB liability, beginning	276,987	261,519	193,511	191,252
Net OPEB liability, ending	<u>\$ 226,482</u>	<u>\$ 276,987</u>	<u>\$ 261,519</u>	<u>\$ 193,511</u>
Covered payroll	\$ 3,377,811	\$ 3,365,364	\$ 3,092,386	\$ 3,087,862
Total OPEB liability as a % of covered payroll	6.7%	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 FIVE FISCAL YEARS¹**

	<i>Proportion of the Net OPEB Liability (Asset)</i>	<i>Proportionate Share of the Net OPEB Liability (Asset)</i>	<i>Covered Payroll</i> ²	<i>Proportionate Share of the Net OPEB Liability (Asset) as % Covered Payroll</i>	<i>Plan Fiduciary Net Position as % of Total Pension Liability</i>
2021	0.0092%	\$ (18,741)	\$ 1,179,840	-1.6%	150.1%
2020	0.0098%	(18,885)	1,054,603	-1.8%	144.4%
2019	0.0102%	(11,338)	1,064,041	-1.1%	124.0%
2018	0.0096%	(4,021)	985,491	-0.4%	108.9%
2017	0.0097%	2,646	985,491	0.3%	94.2%

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

² Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year

CITY OF SWEET HOME, OREGON
SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM RETIREE HEALTH INSURANCE ACCOUNT
LAST FIVE FISCAL YEARS¹

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF SWEET HOME, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<i>Special Revenue</i>		
	<i>Narcotics Enforcement Reserve</i>	<i>Library Services Levy</i>	<i>Parks and Recreation Program</i>
ASSETS			
Cash and investments	\$ 58,681	\$ 643,972	\$ 49,788
Accounts receivable	-	-	-
Property taxes receivable	-	19,960	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 58,681</u>	<u>\$ 663,932</u>	<u>\$ 49,788</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ 3,989	\$ 499
Due to other funds	-	-	-
<i>Total Liabilities</i>	-	3,989	499
Deferred Inflows			
Unavailable revenue	-	19,960	-
Fund Balance:			
Restricted for:			
Community development	-	-	-
Library	-	639,983	-
Public safety	58,681	-	-
Committed to:			
Parks	-	-	49,289
Community development	-	-	-
Capital outlay	-	-	-
Unassigned	-	-	-
<i>Total Fund Balance</i>	<u>58,681</u>	<u>639,983</u>	<u>49,289</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 58,681</u>	<u>\$ 663,932</u>	<u>\$ 49,788</u>

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>
\$ 531,361	\$ 1,092,690	\$ 426,353	\$ 481	\$ 4,890
-	-	-	1,362	-
-	-	-	-	-
-	7,109	-	-	10,736
-	-	303,414	-	-
-	206,186	-	-	-
\$ 531,361	\$ 1,305,985	\$ 729,767	\$ 1,843	\$ 15,626
\$ -	\$ -	\$ -	\$ 1,075	\$ -
-	-	-	-	-
-	-	-	1,075	-
-	7,109	303,414	-	11,001
531,361	1,298,876	426,353	-	4,625
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	768	-
531,361	1,298,876	426,353	768	4,625
\$ 531,361	\$ 1,305,985	\$ 729,767	\$ 1,843	\$ 15,626

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

JUNE 30, 2021

	<i>Special Revenue</i>		
	<i>Public Transit Grant</i>	<i>Weddle Bridge</i>	<i>Special Events</i>
ASSETS			
Cash and investments	\$ 24,200	\$ 4,986	\$ 8,408
Accounts receivable	-	-	-
Property taxes receivable	-	-	-
Assessment liens receivable	-	-	-
Loans receivable	-	-	-
Due from other funds	-	-	-
<i>Total Assets</i>	<u>\$ 24,200</u>	<u>\$ 4,986</u>	<u>\$ 8,408</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
<i>Total Liabilities</i>	-	-	-
Deferred Inflows			
Unavailable revenue	-	-	-
Fund Balance:			
Restricted for:			
Community development	-	-	-
Library	-	-	-
Public safety	-	-	-
Committed to:			
Parks	-	-	-
Community development	-	4,986	8,408
Capital outlay	-	-	-
Unassigned	24,200	-	-
<i>Total Fund Balance</i>	<u>24,200</u>	<u>4,986</u>	<u>8,408</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 24,200</u>	<u>\$ 4,986</u>	<u>\$ 8,408</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	\$ 594,465	\$ 4	\$ 3,501,875
-	-	-	1,362
-	-	-	19,960
-	-	-	17,845
-	-	-	303,414
-	-	-	206,186
<u>\$ 61,596</u>	<u>\$ 594,465</u>	<u>\$ 4</u>	<u>\$ 4,050,642</u>
\$ -	\$ 15,858	\$ -	\$ 21,421
600,794	-	-	600,794
600,794	15,858	-	622,215
-	-	-	341,484
-	-	-	2,261,215
-	-	-	639,983
-	-	4	58,685
-	-	-	49,289
-	-	-	13,394
-	578,607	-	578,607
(539,198)	-	-	(514,230)
<u>(539,198)</u>	<u>578,607</u>	<u>4</u>	<u>3,086,943</u>
<u>\$ 61,596</u>	<u>\$ 594,465</u>	<u>\$ 4</u>	<u>\$ 4,050,642</u>

CITY OF SWEET HOME, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<i>Special Revenue</i>		
	<i>Narcotics Enforcement Reserve</i>	<i>Library Services Levy</i>	<i>Parks and Recreation Program</i>
REVENUES			
Taxes and assessments	\$ -	\$ 494,179	\$ -
Intergovernmental	-	74,918	-
Fines and forfeitures	2,768	3,636	-
Miscellaneous	403	9,789	273
<i>Total Revenues</i>	<u>3,171</u>	<u>582,522</u>	<u>273</u>
EXPENDITURES			
Current			
Library	-	363,075	-
Parks	-	-	19,965
Community development	-	-	-
Community center	-	-	-
Debt Service			
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>-</u>	<u>363,075</u>	<u>19,965</u>
REVENUES OVER (UNDER) EXPENDITURES	3,171	219,447	(19,692)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(13,000)	-
Proceeds from issuance of debt	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(13,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,171	206,447	(19,692)
FUND BALANCE (Deficit), beginning of year	<u>55,510</u>	<u>433,536</u>	<u>68,981</u>
FUND BALANCE (Deficit), end of year	<u>\$ 58,681</u>	<u>\$ 639,983</u>	<u>\$ 49,289</u>

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>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	316,957	34,585	-
-	-	-	-	-
3,704	7,811	3,175	71	32
3,704	7,811	320,132	34,656	32
-	-	-	-	-
-	-	-	-	-
-	53,829	365,262	-	-
-	-	-	33,436	-
-	-	-	-	-
-	-	-	-	-
-	53,829	365,262	33,436	-
3,704	(46,018)	(45,130)	1,220	32
-	-	-	-	-
-	-	-	-	-
-	206,186	-	-	-
-	206,186	-	-	-
3,704	160,168	(45,130)	1,220	32
527,657	1,138,708	471,483	(452)	4,593
\$ 531,361	\$ 1,298,876	\$ 426,353	\$ 768	\$ 4,625

CITY OF SWEET HOME, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
YEAR ENDED JUNE 30, 2021**

	<i>Special Revenue</i>		
	<i>Public Transit</i>		
	<i>Grant</i>	<i>Weddle Bridge</i>	<i>Special Events</i>
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	207,196	-	-
Fines and forfeitures	-	-	-
Miscellaneous	-	35	5,274
<i>Total Revenues</i>	<u>207,196</u>	<u>35</u>	<u>5,274</u>
EXPENDITURES			
Current			
Library	-	-	-
Parks	-	-	-
Community development	165,780	-	2,143
Community center	-	-	-
Debt Service			
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>165,780</u>	<u>-</u>	<u>2,143</u>
REVENUES OVER (UNDER) EXPENDITURES	41,416	35	3,131
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from issuance of debt	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	41,416	35	3,131
FUND BALANCE, beginning of year	(17,216)	4,951	5,277
FUND BALANCE, end of year	<u>\$ 24,200</u>	<u>\$ 4,986</u>	<u>\$ 8,408</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>
\$ -	\$ -	\$ -	\$ 494,179
-	-	-	633,656
-	-	-	6,404
-	54,376	-	84,943
-	54,376	-	1,219,182
-	-	-	363,075
-	-	-	19,965
-	-	-	587,014
-	-	-	33,436
18,215	512	-	18,727
-	193,998	-	193,998
18,215	194,510	-	1,216,215
(18,215)	(140,134)	-	2,967
91,407	118,480	-	209,887
-	-	-	(13,000)
-	40,108	-	246,294
91,407	158,588	-	443,181
73,192	18,454	-	446,148
(612,390)	560,153	4	2,640,795
\$ (539,198)	\$ 578,607	\$ 4	\$ 3,086,943

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, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 2,768	\$ 2,768
Miscellaneous	1,447	1,447	403	(1,044)
<i>Total Revenues</i>	1,447	1,447	3,171	1,724
EXPENDITURES				
Police department	5,700	5,700	-	5,700
NET CHANGE IN FUND BALANCE	(4,253)	(4,253)	3,171	7,424
FUND BALANCE, beginning of year	56,318	56,318	55,510	(808)
FUND BALANCE, end of year	\$ 52,065	\$ 52,065	\$ 58,681	\$ 6,616

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 452,983	\$ 452,983	\$ 494,179	\$ 41,196
Intergovernmental	-	-	74,918	74,918
Fines and forfeitures	5,000	5,000	3,636	(1,364)
Miscellaneous	14,336	14,336	9,789	(4,547)
<i>Total Revenues</i>	472,319	472,319	582,522	110,203
EXPENDITURES				
Current				
Library	449,203	449,203	363,075	86,128
Contingency	18,253	18,253	-	18,253
<i>Total Expenditures</i>	467,456	467,456	363,075	104,381
REVENUES OVER (UNDER)				
EXPENDITURES	4,863	4,863	219,447	214,584
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,000)	(13,000)	(13,000)	-
NET CHANGE IN FUND BALANCE	(8,137)	(8,137)	206,447	214,584
FUND BALANCE, beginning of year	426,726	426,726	433,536	6,810
FUND BALANCE, end of year	\$ 418,589	\$ 418,589	\$ 639,983	\$ 221,394

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, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 2,500	\$ 2,500	\$ 273	\$ (2,227)
EXPENDITURES				
Parks and facilities	41,873	41,873	19,965	21,908
NET CHANGE IN FUND BALANCE	(39,373)	(39,373)	(19,692)	19,681
FUND BALANCE, beginning of year	39,373	39,373	68,981	29,608
FUND BALANCE, end of year	\$ -	\$ -	\$ 49,289	\$ 49,289

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PATH PROGRAM FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 8,500	\$ 8,500	\$ 3,704	\$ (4,796)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	8,500	8,500	3,704	(4,796)
FUND BALANCE, beginning of year	450,432	450,432	527,657	77,225
FUND BALANCE, end of year	\$ 458,932	\$ 458,932	\$ 531,361	\$ 72,429

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 20,134	\$ 20,134	\$ 7,811	\$ (12,323)
EXPENDITURES				
Streets	300,000	300,000	53,829	246,171
REVENUES OVER (UNDER)				
EXPENDITURES	(279,866)	(279,866)	(46,018)	233,848
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	206,186	206,186
NET CHANGE IN FUND BALANCE	(279,866)	(279,866)	160,168	440,034
FUND BALANCE, beginning of year	1,063,577	1,063,577	1,138,708	75,131
FUND BALANCE, end of year	\$ 783,711	\$ 783,711	\$ 1,298,876	\$ 515,165

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 316,957	\$ 316,957
Miscellaneous	8,184	8,184	3,175	(5,009)
<i>Total Revenues</i>	8,184	8,184	320,132	311,948
EXPENDITURES				
Economic and community development	464,696	464,696	365,262	99,434
NET CHANGE IN FUND BALANCE	(456,512)	(456,512)	(45,130)	411,382
FUND BALANCE, beginning of year	456,512	456,512	471,483	14,971
FUND BALANCE, end of year	\$ -	\$ -	\$ 426,353	\$ 426,353

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, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 46,000	\$ 46,000	\$ 34,585	\$ (11,415)
Miscellaneous	30	30	71	41
<i>Total Revenues</i>	46,030	46,030	34,656	(11,374)
EXPENDITURES				
Materials and services	46,030	46,030	33,436	12,594
NET CHANGE IN FUND BALANCE	-	-	1,220	1,220
FUND BALANCE (Deficit), beginning of year	-	-	(452)	(452)
FUND BALANCE, end of year	\$ -	\$ -	\$ 768	\$ 768

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL ASSESSMENTS FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 32	\$ 32
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	32	32
FUND BALANCE, beginning of year	-	-	4,593	4,593
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,625	\$ 4,625

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 102,029	\$ 102,029	\$ 207,196	\$ 105,167
EXPENDITURES				
Materials and services	102,029	102,029	165,780	(63,751)
NET CHANGE IN FUND BALANCE	-	-	41,416	41,416
FUND BALANCE (Deficit), beginning of year	-	-	(17,216)	(17,216)
FUND BALANCE, end of year	\$ -	\$ -	\$ 24,200	\$ 24,200

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WEDDLE BRIDGE FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 100	\$ 100	\$ 35	\$ (65)
EXPENDITURES				
Operations	5,018	5,018	-	5,018
NET CHANGE IN FUND BALANCE	(4,918)	(4,918)	35	4,953
FUND BALANCE, beginning of year	4,918	4,918	4,951	33
FUND BALANCE, end of year	\$ -	\$ -	\$ 4,986	\$ 4,986

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – SPECIAL EVENTS FUND
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Grants	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Miscellaneous	2,100	2,100	5,274	3,174
<i>Total Revenues</i>	4,100	4,100	5,274	1,174
EXPENDITURES				
Materials and services	9,100	9,100	2,143	6,957
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	3,131	8,131
FUND BALANCE, beginning of year	5,000	5,000	5,277	277
FUND BALANCE, end of year	\$ -	\$ -	\$ 8,408	\$ 8,408

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING RESERVE FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Principal	-	-	73,192	(73,192)
Interest	-	-	18,215	(18,215)
<i>Total Expenditures</i>	-	-	91,407	(91,407)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(91,407)	91,407
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	91,407	91,407
NET CHANGE IN FUND BALANCE	-	-	-	182,814
FUND BALANCE, beginning of year	-	-	61,596	61,596
FUND BALANCE, end of year	\$ -	\$ -	61,596	\$ 244,410
Interfund loan			(600,794)	
			\$ (539,198)	

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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 9,576	\$ 9,576	\$ 54,376	44,800
EXPENDITURES				
Debt service				
Principal	-	-	3,120	(3,120)
Interest	-	-	512	(512)
Police department	138,000	138,000	12,244	125,756
Public works	230,000	230,000	178,634	51,366
<i>Total Expenditures</i>	<u>368,000</u>	<u>368,000</u>	<u>194,510</u>	<u>173,490</u>
REVENUES OVER (UNDER) EXPENDITURES	(358,424)	(358,424)	(140,134)	218,290
OTHER FINANCING SOURCES (USES)				
Transfers in	118,480	118,480	118,480	-
Proceeds from issuance of debt	-	-	40,108	40,108
<i>Total Other Financing Sources and Uses</i>	<u>118,480</u>	<u>118,480</u>	<u>158,588</u>	<u>40,108</u>
NET CHANGE IN FUND BALANCE	(239,944)	(239,944)	18,454	258,398
FUND BALANCE, beginning of year	<u>402,330</u>	<u>402,330</u>	<u>560,153</u>	<u>157,823</u>
FUND BALANCE, end of year	<u>\$ 162,386</u>	<u>\$ 162,386</u>	<u>\$ 578,607</u>	<u>\$ 416,221</u>

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<i>REVENUES</i>	\$ -	\$ -	\$ -	\$ -
<i>EXPENDITURES</i>	-	-	-	-
<i>NET CHANGE IN FUND BALANCE</i>	-	-	-	-
<i>FUND BALANCE, beginning of year</i>	-	-	4	4
<i>FUND BALANCE, end of year</i>	\$ -	\$ -	\$ 4	\$ 4

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2021

	<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	\$ 2,544,982	\$ -	\$ -	\$ -	\$ 2,544,982
Licenses and permits	-	70,198	-	-	70,198
finances and Forfeitures	599	-	-	-	599
Miscellaneous	8,080	4,873	2,031	6,581	21,565
Total Revenues	2,553,661	75,071	2,031	6,581	2,637,344
EXPENDITURES					
Operations	719,261	-	34,949	77,115	831,325
Treatment	972,708	-	-	-	972,708
Debt service					
Principal	460,121	-	-	-	460,121
Interest	183,277	-	-	-	183,277
Bond issuance costs	41,738	-	-	-	41,738
Total Expenditures	2,377,105	-	34,949	77,115	2,489,169
REVENUES OVER (UNDER) EXPENDITURES	176,556	75,071	(32,918)	(70,534)	148,175
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	280,000	300,320	580,320
Transfers out	(589,536)	-	-	-	(589,536)
Interfund loan payment received	-	-	-	91,407	91,407
Payments to agent for refunding	(2,265,391)	-	-	-	(2,265,391)
Proceeds from issuance of debt	2,125,000	-	-	-	2,125,000
Bond premiums	252,384	-	-	-	252,384
Total Other Financing Sources (Uses)	(477,543)	-	280,000	391,727	194,184
NET CHANGE IN FUND BALANCE	(300,987)	75,071	247,082	321,193	342,359
FUND BALANCE, beginning of year	392,865	570,866	190,558	792,120	1,946,409
FUND BALANCE, end of year	\$ 91,878	\$ 645,937	\$ 437,640	\$ 1,113,313	\$ 2,288,768

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

NET CHANGE IN FUND BALANCE	\$ 342,359
Change in inventories	(6,265)
Change in assessments receivable	830
Change in interfund loan receivable	(73,193)
Depreciation	(322,881)
Capitalized expenses	140,429
Change in compensated absences	(1,101)
Change in long term debt	362,319
Change in accrued interest	55,622
Pension expense related to OPEB	853
CHANGE IN FUND NET POSITION	\$ 498,972

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WATER FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 599	\$ 599
Charges for services	2,539,526	2,539,526	2,544,982	5,456
Miscellaneous	18,175	18,175	8,080	(10,095)
<i>Total Revenues</i>	2,557,701	2,557,701	2,553,661	(4,040)
EXPENDITURES				
Current				
Operations	756,228	756,228	719,261	36,967
Treatment	842,439	842,439	972,708	(130,269)
Debt service				
Principal	356,284	356,284	460,121	(103,837)
Interest	143,932	143,932	183,277	(39,345)
Bond issuance costs	-	-	41,738	(41,738)
Contingency	70,143	70,143	-	70,143
<i>Total Expenditures</i>	2,169,026	2,169,026	2,377,105	(208,079)
REVENUES OVER (UNDER)				
EXPENDITURES	388,675	388,675	176,556	(212,119)
OTHER FINANCING SOURCES (USES)				
Transfers out	(589,536)	(589,536)	(589,536)	-
Payments to agent for refunding	-	-	(2,265,391)	(2,265,391)
Proceeds from issuance of debt	-	-	2,125,000	2,125,000
Bond premiums	-	-	252,384	252,384
<i>Total Other Financing Sources (Uses)</i>	(589,536)	(589,536)	(477,543)	111,993
NET CHANGE IN FUND BALANCE	(200,861)	(200,861)	(300,987)	(100,126)
FUND BALANCE, beginning of year	430,798	430,798	392,865	(37,933)
FUND BALANCE, end of year	\$ 229,937	\$ 229,937	\$ 91,878	\$ (138,059)

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – WATER SDC FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 36,500	\$ 36,500	\$ 70,198	\$ 33,698
Miscellaneous	10,000	10,000	4,873	(5,127)
<i>Total Revenues</i>	46,500	46,500	75,071	28,571
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	46,500	46,500	75,071	28,571
FUND BALANCE, beginning of year	563,230	563,230	570,866	7,636
FUND BALANCE, end of year	\$ 609,730	\$ 609,730	\$ 645,937	\$ 36,207

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 2,031	\$ 31
EXPENDITURES				
Operations	362,188	362,188	34,949	327,239
REVENUES OVER (UNDER)				
EXPENDITURES	(360,188)	(360,188)	(32,918)	327,270
OTHER FINANCING SOURCES (USES)				
Transfers in	280,000	280,000	280,000	-
NET CHANGE IN FUND BALANCE	(80,188)	(80,188)	247,082	327,270
FUND BALANCE, beginning of year	222,718	222,718	190,558	(32,160)
FUND BALANCE, end of year	\$ 142,530	\$ 142,530	\$ 437,640	\$ 295,110

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 9,000	\$ 9,000	\$ 6,581	\$ (2,419)
EXPENDITURES				
Operations	825,000	825,000	77,115	747,885
REVENUES OVER (UNDER) EXPENDITURES	(816,000)	(816,000)	(70,534)	745,466
OTHER FINANCING SOURCES (USES)				
Transfers in	391,727	391,727	300,320	(91,407)
Interfund loan payment received	-	-	91,407	91,407
<i>Total Other Financing Sources (Uses)</i>	391,727	391,727	391,727	-
NET CHANGE IN FUND BALANCE	(424,273)	(424,273)	321,193	745,466
FUND BALANCE, beginning of year	703,967	703,967	792,120	88,153
FUND BALANCE, end of year	<u>\$ 279,694</u>	<u>\$ 279,694</u>	<u>\$ 1,113,313</u>	<u>\$ 833,619</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
WASTEWATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2021

	<i>Wastewater</i>	<i>Wastewater SDC</i>	<i>Wastewater Capital</i>	<i>Wastewater Depreciation Reserve</i>	<i>Total Wastewater Operations</i>
REVENUES					
Charges for services	\$ 3,010,745	\$ -	\$ -	\$ -	\$ 3,010,745
Fines and Forfeitures	399	-	-	-	399
Licenses and permits	-	40,709	-	-	40,709
Intergovernmental	-	-	-	1,028,766	1,028,766
Miscellaneous	8,522	4,782	3,793	15,452	32,549
<i>Total Revenues</i>	<u>3,019,666</u>	<u>45,491</u>	<u>3,793</u>	<u>1,044,218</u>	<u>4,113,168</u>
EXPENDITURES					
Operations	306,839	-	-	688,313	995,152
Treatment	1,077,209	-	-	-	1,077,209
Debt service					
Principal	656,363	-	-	-	656,363
Interest	83,632	-	-	38,849	122,481
Bond issuance costs	69,832	-	-	-	69,832
<i>Total Expenditures</i>	<u>2,193,875</u>	<u>-</u>	<u>-</u>	<u>727,162</u>	<u>2,921,037</u>
REVENUES OVER (UNDER) EXPENDITURES	825,791	45,491	3,793	317,056	1,192,131
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	762,060	762,060
Transfers out	(764,000)	-	-	-	(764,000)
Payments on debt refunding	-	-	-	(3,857,282)	(3,857,282)
Proceeds from issuance of debt	3,655,000	-	-	-	3,655,000
Bond premiums	322,946	-	-	-	322,946
<i>Total Other Financing Sources (Uses)</i>	<u>3,213,946</u>	<u>-</u>	<u>-</u>	<u>(3,095,222)</u>	<u>118,724</u>
NET CHANGE IN FUND BALANCE	4,039,737	45,491	3,793	(2,778,166)	1,310,855
FUND BALANCE, beginning of year	<u>369,917</u>	<u>540,893</u>	<u>540,388</u>	<u>1,615,765</u>	<u>3,066,963</u>
FUND BALANCE, end of year	<u>\$ 4,409,654</u>	<u>\$ 586,384</u>	<u>\$ 544,181</u>	<u>\$ (1,162,401)</u>	<u>\$ 4,377,818</u>
RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS					
NET CHANGE IN FUND BALANCE					\$ 1,310,855
Change in inventories					976
Change in assessments receivable					1,263
Depreciation					(244,557)
Capitalized expenses					637,955
Change in compensated absences					(256)
Change in long term debt					559,864
Change in accrued interest					8,017
Pension expense related to OPEB					(948)
CHANGE IN FUND NET POSITION					<u>\$ 2,273,169</u>

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 399	\$ 399
Charges for services	3,051,402	3,051,402	3,010,745	(40,657)
Miscellaneous	5,000	5,000	8,522	3,522
<i>Total Revenues</i>	3,056,402	3,056,402	3,019,666	(36,736)
EXPENDITURES				
Operations	619,537	619,537	306,839	312,698
Treatment	921,852	921,852	1,077,209	(155,357)
Debt service				
Principal	718,442	718,442	656,363	62,079
Interest	118,066	118,066	83,632	34,434
Bond issuance costs	-	-	69,832	(69,832)
Contingency	75,069	75,069	-	75,069
<i>Total Expenditures</i>	2,452,966	2,452,966	2,193,875	259,091
REVENUES OVER (UNDER)				
EXPENDITURES	603,436	603,436	825,791	222,355
OTHER FINANCING SOURCES (USES)				
Transfers out	(764,000)	(764,000)	(764,000)	-
Proceeds from issuance of debt	-	-	3,655,000	3,655,000
Bond premiums	-	-	322,946	322,946
<i>Total Other Financing Sources and Uses</i>	(764,000)	(764,000)	3,213,946	3,977,946
NET CHANGE IN FUND BALANCE	(160,564)	(160,564)	4,039,737	4,200,301
FUND BALANCE, beginning of year	360,648	360,648	369,917	9,269
FUND BALANCE, end of year	\$ 200,084	\$ 200,084	\$ 4,409,654	\$ 4,209,570

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER SDC FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 17,500	\$ 17,500	\$ 40,709	\$ 23,209
Miscellaneous	12,650	12,650	4,782	(7,868)
<i>Total Revenues</i>	30,150	30,150	45,491	15,341
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	30,150	30,150	45,491	15,341
FUND BALANCE, beginning of year	540,591	540,591	540,893	302
FUND BALANCE, end of year	\$ 570,741	\$ 570,741	\$ 586,384	\$ 15,643

CITY OF SWEET HOME, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WASTEWATER CAPITAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 3,793	\$ (1,207)
EXPENDITURES				
Operations	95,000	95,000	-	95,000
NET CHANGE IN FUND BALANCE	(90,000)	(90,000)	3,793	93,793
FUND BALANCE, beginning of year	481,065	481,065	540,388	59,323
FUND BALANCE, end of year	<u>\$ 391,065</u>	<u>\$ 391,065</u>	<u>\$ 544,181</u>	<u>\$ 153,116</u>

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 7,708,725	\$ 7,708,725	\$ 1,028,766	\$ (6,679,959)
Miscellaneous	40,000	40,000	15,452	(24,548)
<i>Total Revenues</i>	<u>7,748,725</u>	<u>7,748,725</u>	<u>1,044,218</u>	<u>(6,704,507)</u>
EXPENDITURES				
Operations	11,902,458	11,902,458	688,313	11,214,145
Debt service				
Interest	-	-	38,849	(38,849)
<i>Total Expenditures</i>	<u>11,902,458</u>	<u>11,902,458</u>	<u>727,162</u>	<u>11,175,296</u>
REVENUES OVER (UNDER) EXPENDITURES	(4,153,733)	(4,153,733)	317,056	4,470,789
OTHER FINANCING SOURCES (USES)				
Transfers in	762,060	762,060	762,060	-
Payments on debt refunding	-	-	(3,857,282) *	(3,857,282)
<i>Total Other Financing Sources (Uses)</i>	<u>762,060</u>	<u>762,060</u>	<u>(3,095,222)</u>	<u>(3,857,282)</u>
NET CHANGE IN FUND BALANCE	(3,391,673)	(3,391,673)	(2,778,166)	613,507
FUND BALANCE, beginning of year	<u>3,391,673</u>	<u>3,391,673</u>	<u>1,615,765</u>	<u>(1,775,908)</u>
FUND BALANCE (Deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,162,401)</u>	<u>\$ (1,162,401)</u>

* This is not considered a budget violation

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
STORM WATER OPERATIONS COMBINED
YEAR ENDED JUNE 30, 2021

	<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	\$ 63,779	\$ -	\$ -	\$ -	\$ 63,779
Miscellaneous	203	81	1,087	583	1,954
<i>Total Revenues</i>	63,982	81	1,087	583	65,733
EXPENDITURES					
Operations	44,729	-	-	-	44,729
REVENUES OVER (UNDER) EXPENDITURES	19,253	81	1,087	583	21,004
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	193,766	-	193,766
Transfers out	(53,629)	-	-	(140,137)	(193,766)
<i>Total Other Financing Sources and Uses</i>	(53,629)	-	193,766	(140,137)	-
NET CHANGE IN FUND BALANCE	(34,376)	81	194,853	(139,554)	21,004
FUND BALANCE, beginning of year	39,649	11,570	76,962	139,585	267,766
FUND BALANCE, end of year	\$ 5,273	\$ 11,651	\$ 271,815	\$ 31	\$ 288,770
RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS					
NET CHANGE IN FUND BALANCE					\$ 21,004
Depreciation					(189)
Change in compensated absences					(161)
Pension expense related to OPEB					(992)
NET CHANGE IN FUND NET POSITION					\$ 19,662

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – STORM WATER FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 62,851	\$ 62,851	\$ 63,779	\$ 928
Miscellaneous	250	250	203	(47)
<i>Total Revenues</i>	63,101	63,101	63,982	881
EXPENDITURES				
Operations	41,854	41,854	44,729	(2,875)
REVENUES OVER (UNDER) EXPENDITURES				
	21,247	21,247	19,253	(1,994)
OTHER FINANCING SOURCES (USES)				
Transfers out	(53,629)	(53,629)	(53,629)	-
NET CHANGE IN FUND BALANCE				
	(32,382)	(32,382)	(34,376)	(1,994)
FUND BALANCE, beginning of year				
	32,382	32,382	39,649	7,267
FUND BALANCE, end of year				
	\$ -	\$ -	\$ 5,273	\$ 5,273

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 255	\$ 255	\$ 81	\$ (174)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	255	255	81	(174)
FUND BALANCE, beginning of year	11,511	11,511	11,570	59
FUND BALANCE, end of year	\$ 11,766	\$ 11,766	\$ 11,651	\$ (115)

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, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,700	\$ 1,700	\$ 1,087	\$ (613)
EXPENDITURES				
Capital outlay	105,000	105,000	-	105,000
REVENUES OVER (UNDER)				
EXPENDITURES	(103,300)	(103,300)	1,087	104,387
OTHER FINANCING SOURCES (USES)				
Transfers in	196,499	196,499	193,766	(2,733)
NET CHANGE IN FUND BALANCE	93,199	93,199	194,853	101,654
FUND BALANCE, beginning of year	77,106	77,106	76,962	(144)
FUND BALANCE, end of year	\$ 170,305	\$ 170,305	\$ 271,815	\$ 101,510

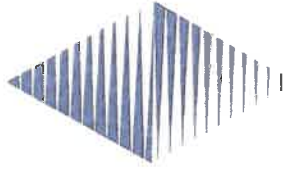
CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER DEPRECIATION FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 583	\$ (2,417)
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	3,000	3,000	583	(2,417)
OTHER FINANCING SOURCES (USES)				
Transfers out	(142,870)	(142,870)	(140,137)	2,733
NET CHANGE IN FUND BALANCE	(139,870)	(139,870)	(139,554)	316
FUND BALANCE, beginning of year	139,870	139,870	139,585	(285)
FUND BALANCE, end of year	\$ -	\$ -	\$ 31	\$ 31

CITY OF SWEET HOME, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2021

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 1,307,074	\$ 1,307,074	\$ 1,306,007	\$ (1,067)
Licenses and permits	223,371	223,371	241,163	17,792
Fines and forfeitures	-	-	1,249	1,249
Miscellaneous	28,141	28,141	16,290	(11,851)
<i>Total Revenues</i>	<u>1,558,586</u>	<u>1,558,586</u>	<u>1,564,709</u>	<u>6,123</u>
EXPENDITURES				
Materials and services	17,138	18,418	20,014	(1,596)
Executive and legislative	324,712	343,878	347,662	(3,784)
Finance	557,398	577,033	575,089	1,944
Public works	485,433	485,433	501,564	(16,131)
Personnel services	104,029	126,564	126,532	32
Contingency	69,876	7,260	-	7,260
<i>Total Expenditures</i>	<u>1,558,586</u>	<u>1,558,586</u>	<u>1,570,861</u>	<u>(12,275)</u>
NET CHANGE IN FUND BALANCE	-	-	(6,152)	(6,152)
FUND BALANCE, beginning of year	-	-	15,316	15,316
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,164</u>	<u>9,164</u>
RECONCILIATION OF CHANGE IN NET POSITION - FUND BALANCE TO CHANGE IN FUND NET POSITION, GAAP BASIS				
NET CHANGE IN FUND BALANCE			\$ (6,152)	
Revenues classified as deferred for budgetary purposes			30,771	
Pension expense related to OPEB			(5,877)	
CHANGE IN FUND NET POSITION			<u>\$ 18,742</u>	

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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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, 2021, and have issued our report thereon dated August 12, 2022.

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 54
- Deficit fund balance in the Building Reserve fund
- The financial statements for the fiscal year ended June 30, 2021 were not filed timely with the Oregon Secretary of States Audits Division.

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.

See separately issued letter dated August 12, 2022 with deficiencies in internal controls reported to governance and management of the City.

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: 

Ryan T. Pasquarella, A Shareholder
August 12, 2022

