



Home of the Tualatin River National Wildlife Refuge

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

CITY OF SHERWOOD

Sherwood, Oregon

Annual Comprehensive Financial Report

Year Ended June 30, 2022

Prepared by

City of Sherwood

Finance Department

CITY OF SHERWOOD

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CITY OF SHERWOOD

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INTRODUCTORY SECTION



Home of the Tualatin River National Wildlife Refuge

City of Sherwood
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Sherwood, OR 97140
Tel 503-625-5522
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Mayor
Keith Mays

Council President
Tim Rosener

Councilors
Renee Brouse
Sean Garland
Taylor Giles
Doug Scott
Kim Young

City Manager
Keith Campbell

March 16, 2023

Citizens of Sherwood
Honorable Mayor
Members of the City Council

It is our pleasure to present you with the Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR). This report documents the financial position of the City as of June 30, 2022 and the financial results for the fiscal year that ended on that date. We believe that the information contained herein is accurate in all material respects and is presented in a manner that complies with financial reporting requirements.

State law requires that most local governments publish a complete set of audited financial statements presented in conformance with United States Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed Certified Public Accountants (CPA). This report fulfills that requirement.

We hereby issue this Annual Comprehensive Financial Report of the City of Sherwood for the fiscal year ended June 30, 2022. This report is statutorily required to be completed within six months of the end of the fiscal year unless an extension is authorized.

This ACFR will be submitted to the Government Financial Officers Association for consideration for the Certificate of Achievement for Excellence in Financial Reporting. The Certificate is a national award that recognizes the thoroughness of an entity's ACFR.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A begins on page 4 of the Financial Section of this report.

This report is the twelfth of the City's annual reports to be audited by the firm of Talbot, Korvola & Warwick, LLP (TKW), a CPA firm licensed by the state of Oregon. They have issued an unmodified opinion on the City of Sherwood's financial statements for the fiscal year ended June 30, 2022. The independent auditor's report is located at the front of the Financial Section of this report, beginning on page 1.

REPORTING ENTITY

The City of Sherwood is a city with a population of 20,496 located in Washington County, Oregon. It thrives in the same economic environment as the nearby cities of Beaverton, Hillsboro, Tigard, Tualatin, and Wilsonville: a mixture of high tech and traditional industries, with agriculture and forest products continuing to play a critical role in the region's economy.

Sherwood was incorporated in 1893. It is governed by an elected City Council who in turn appoint a professional City Manager to whom they delegate the administration of the City. The City provides law enforcement, public works, library, community services and community development to its citizens. Fire protection is provided by a separate special district.

The City created an Urban Renewal Agency (URA or the Agency) in 2001 and the Agency has been responsible for over \$44.7 million in public improvements in blighted areas since its inception. The City Council serves as the Agency's board of directors and the Agency is reported as a blended component unit within the City's ACFR. The Agency has completed all planned projects. The Agency uses tax increment revenues as their sole funding source and has outstanding debt which is anticipated to be paid off in fiscal year 2022-23. The URA will shut down shortly after the debt is paid off and all remaining assets will transfer to the City of Sherwood.

The Sherwood City Council adopted the new 2021 Sherwood Urban Renewal Plan in May 2021, following an extensive public input process. The purpose of the Urban Renewal Plan is to improve specific areas of the city which are poorly developed or underdeveloped by constructing infrastructure such as streets, utilities and other public facilities needed to spur economic development and other community improvement needs which could not otherwise be funded. Urban renewal is funded by tax increment financing and does not establish any new taxes on residents, property owners or business owners. Since adoption of the URA Plan in 2021, the City has loaned funds to the Urban Renewal Agency to construct various infrastructure – with various projects moving forward in 2022.

The annual budget serves as the foundation for the City's financial planning and control. The department heads of the City submit requests for appropriation to the City Manager. The City Manager, along with the Finance Director and the Senior Leadership Team, develop a balanced budget for the following year. The proposed budget is then reviewed and approved by the budget committee (consisting of the City Council and an equal number of appointed citizen members) in a series of open public meetings. An additional public hearing and approval by the City Council are necessary for final budget adoption prior to June 30th of each year.

Expenditures are appropriated by division, program or category level, as follows: the General Fund is split into five divisions for purposes of appropriations. The divisions are: Administration, Community Development, Public Safety, Community Services, and Public Works. Each division is further divided into departments which reflect City programs and managerial responsibilities. The Street Operations and the Broadband fund each have one program which is Operations while the General Construction and Street Capital funds each have one program which is Capital. The Water, Sanitary, and Storm Enterprise funds are appropriated by the operations or capital programs. Expenditures cannot exceed appropriations at these legal levels of control.

Changes to the adopted budget are governed by Local Budget Law state statute and require City Council approval. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

ECONOMIC ENVIRONMENT

The City of Sherwood has been able to remain fiscally strong due to stable property tax revenues and responsible fiscal management. Development has continued to increase and is expected to continue over the next few years. The two main revenue sources for general government purposes are property taxes and franchise fees. Property taxes have moderately increased as new developments are added to the tax rolls and franchise fees have shown a slow increase as well.

The City's economy is linked with that of the entire Portland/Vancouver Metropolitan Region, but is more insulated from economic downturns due to the high education and skill level of its population. According to the United States Census Bureau, Sherwood's Median Household Income (MHI) is \$107,537. This is 63.8% higher than the state MHI at \$65,667 and 24.1% higher than Washington County at \$86,626. Sherwood is considered one of the more affluent communities in the State and is in the top 10 cities for household income in the State of Oregon. The income bracket of greater than \$100,000 accounts for 11.8% of the households.

Top 10 Property Owners Based on FY21-22 Assessed Value (In Thousands of Dollars)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Portland General Electric	\$32,240	1.5%
WalMart Stores, Inc	29,657	1.3%
MGP X Properties LLC	23,494	1.1%
Mountain High Apartments, LLC	20,852	0.9%
Big Sunfield Lakes OR LLC	19,940	0.9%
Target Corporation	17,107	0.8%
Creekview Crossing SPE LLC	16,700	0.8%
Sherwood Senior Living, LLC	16,007	0.7%
Northwest Natural Gas Co	14,064	0.6%
Tacke LLC & LAF LLC	13,476	0.6%
Total	<u>\$ 203,537</u>	<u>9.2%</u>
Source: Washington County Assessment and Taxation		

Franchise fees, another key source of revenue for general government purposes are showing a slight increase. This reflects an economic environment in which consumption of utility services is stable.

CURRENT ECONOMIC DEVELOPMENT ACTIVITIES

The City of Sherwood is located in one of the most prosperous counties in Oregon and is poised for continued commercial, industrial and residential growth. Sherwood has the land and the infrastructure to serve commercial and industrial growth.

Industrial Growth:

Tonquin Employment Area (TEA): The City is experiencing strong economic development activity in the Tonquin Employment Area which is a key employment development area within the Sherwood East Manufacturing/Industrial Corridor. This is an approximately 296-acre area within the City of Sherwood Urban Growth Boundary (UGB) that is being actively marketed by the City, industrial park developers, and leading industrial brokers. At present the Trammell Crow Company is completing construction of the new Tualatin-Sherwood Corporate Park on a nearly 50-acre site located at the southwest corner of SW Tualatin-Sherwood Road and SW 124th Avenue. Although the developer is still completing construction, there is already strong leasing activity in these buildings since the Greater Portland Region experiences an extremely low industrial vacancy rate and the metro area lacks a sufficient supply of industrial land to accommodate new employment growth. To date, all but 64,000 square feet has been leased. There is active leasing underway for the remainder of the space in this development but has been delayed due to electrical equipment supply chain issues.

The Willamette Water Supply Project has started construction on a major water treatment plant including 219,000 square feet of building area to the south of the Tualatin Sherwood Corporate Park, adjacent to SW 124th. The developer of the water treatment plant is also responsible for constructing a major segment of Ice Age Drive which – when complete will link SW 124th with SW Oregon Street and open up considerable new employment land in the TEA for industrial growth. The City and Sherwood Urban Renewal Agency (URA) are currently working with a leading engineering firm to complete the 30% design of Ice Age Drive and the URA have been acquiring industrial land in the TEA for the purpose of building the new road. Schnitzer Properties is currently developing the first phase of their nearly 1,000,000 square feet of new speculative multi-tenant business park space consisting of 4 new buildings in their Sherwood Commerce Center project to be located on the east side of SW Oregon Street, immediately south of Tualatin-Sherwood Road. Once completed the project could house up to 30 businesses. Schnitzer has begun site grading and is in the process of preparing their Land Use application for Phase II – even before Phase I has been developed. Another property owner has received approval of their Land Use Application this year for the development of the new Oregon Street Business Park to be located at the corner of SW Tonquin Road and SW Oregon Street. This project will consist of approximately 115,000 square feet of new multi-tenant industrial space on a nearly 10 acres. The property was annexed in 2021. Kerr Construction has obtained City approval for a grading site plan for the nearly 30-acre future industrial park project referred to as the Sherwood/Tonquin Industrial Park to be located on the easterly side of Tonquin Road, just south of Oregon Street. The site has the capacity to accommodate 400,000 square feet of new industrial space. In addition, early interest is being expressed by developers for the construction of additional industrial park projects along the Dahlke Lane industrial area in the TEA. The City and URA's work to construct Ice Age Drive and Tonquin Court will open up this internal area of the TEA to further industrial development and new job creation which will further expand the City's tax base.

Cipole Industrial Park. The Cipole Industrial Park was completed in 2020-2021 and consists of 3 new speculative industrial buildings located on Tualatin-Sherwood Road between SW Wildrose Place and SW Cipole Road. Of key note, the City worked to attract LAM Research to a nearly 50,000 square foot space in this property which has created a semiconductor equipment manufacturing operation and approximately 300 new tech-related jobs in Sherwood as of this year.

New Businesses: Many businesses have located in Sherwood during the past year. Most notably, the City has worked with our partners to attract new tech companies to the community. New tenant spaces in the community include the decision by LAM Research to locate in Sherwood in 2021/2022 and now the recent announcement that LAM Research has leased another 272,000 square feet in late 2022 in the community. LAM Research has now been joined by NSI Manufacturing – which is owned by a German parent company and by DWFritz Automation which is owned by a Swedish parent company. These represent new tech/advanced manufacturing companies that have chosen Sherwood and also help the City to meet its goals of attracting additional tech-based Foreign Direct Investment (FDI). The City worked extensively with Treske Precision, an existing industrial company, to help them to expand their Sherwood operations. Treske is an innovative precision engineering and machining company which focuses on aerospace, defense and space work. New construction is also underway in the Olds Place industrial park, including the new headquarters and industrial operations of Greenridge Solar.

Residential Growth: The residential growth in Sherwood has been higher than most other cities in the state over the past 10 – 20 years. However, available land for residential needs inside the City limits is quickly dwindling. There is continued interest in Old Town for both commercial and residential development.

Sherwood High School: The new high school was completed in 2021. The site includes a new 342,131 square foot high school and associated facilities, including parking, sports fields, and various outbuildings on roughly 70 acres on SW Elwert between SW Kruger and SW Haide Road. The City's Economic Development Office has been working closely in 2022 with the Sherwood High School to support the growth of their Career Technical Education and STEM programs to grow and retain the next generation of talented workforce in the community and area. Specifically, the City has worked with the School District to help create connections to advanced manufacturing and other firms in the area in support of such talent growth.

PGE Training Facility: PGE has completed construction of a new lineman training facility that consists of an approximately 15,695 square foot training building and an associated outdoor training facility. The facility opened in 2022 and is being utilized for such training.

Sherwood West Expansion Area: Sherwood West contains 1,291 acres currently in the Urban Reserve but is slated to be included in the City's Urban Growth Boundary. Sherwood West is logically the best direction for the City to consider growth in the future. It is located near existing City infrastructure and adjacent to the city boundary. The current preliminary Concept Plan for Sherwood West adopted by the City Council in 2016 designated most of the area for the development of new housing subdivisions. The City Council has since prioritized employment growth as an important goal to help Sherwood to achieve a balance of housing options and job opportunities and to expand the jobs and city tax base. Work is now nearly completed on the Sherwood West Concept Plan Update for this area which will address land use and growth patterns, transportation, natural resources, and economic growth. City Council approval for the Plan Update is anticipated to occur by February 2022. The Concept Plan is currently proposing over 250 acres of land for a new technology/employment park and other employment growth.

CRITICAL FINANCIAL INFORMATION

Budget: The total City budget for Fiscal Year 2022 (FY22) is \$99.5 million. Only \$16.0 million (16.1%) of the revenue supporting the budget is available for general purposes. The remaining portion of the budget (\$83.5 million) is constrained by statute or loan covenants to specific purposes, primarily infrastructure construction and maintenance.

Debt: As of June 30, 2022, the City had outstanding notes payable of \$74.5 million, and outstanding capital leases of \$0.1 million. Total debt was \$74.6 million. The notes payable debt as well as leases payable are repaid from tax increment financing and utility user fees. In March of 2022, Moody's Investors Services upgraded the City's rating on General Obligation Bonds to Aa2.

Independent Audit: The City's financial records are subject to annual audit by an independent accountant. This audit is conducted in accordance with generally accepted auditing standards, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Oregon Secretary of State. The auditor must determine whether the City followed generally accepted accounting and reporting principles. The accounting firm of Talbot, Korvola & Warwick, LLP, of Portland Oregon, conducted the audit for the fiscal year ending June 30, 2022. Their report is found in the Financial Section of this report.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sherwood for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the tenth consecutive year that the City of Sherwood has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year 2021-22. This was the 20th consecutive year that the City has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report was made possible by the dedicated service of the staff of the Finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to acknowledge the financial and organizational commitment of the City Council and Budget Committee to our continual pursuit of improved financial accountability.

Sincerely,

A handwritten signature in blue ink, appearing to read "Keith D. Campbell".

Keith D. Campbell
City Manager

A handwritten signature in blue ink, appearing to read "David Bodway III".

David Bodway III, Executive MPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sherwood
Oregon**

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

2021 CITY OF SHERWOOD

CITY OFFICIALS JUNE 30, 2022

ELECTED OFFICIALS

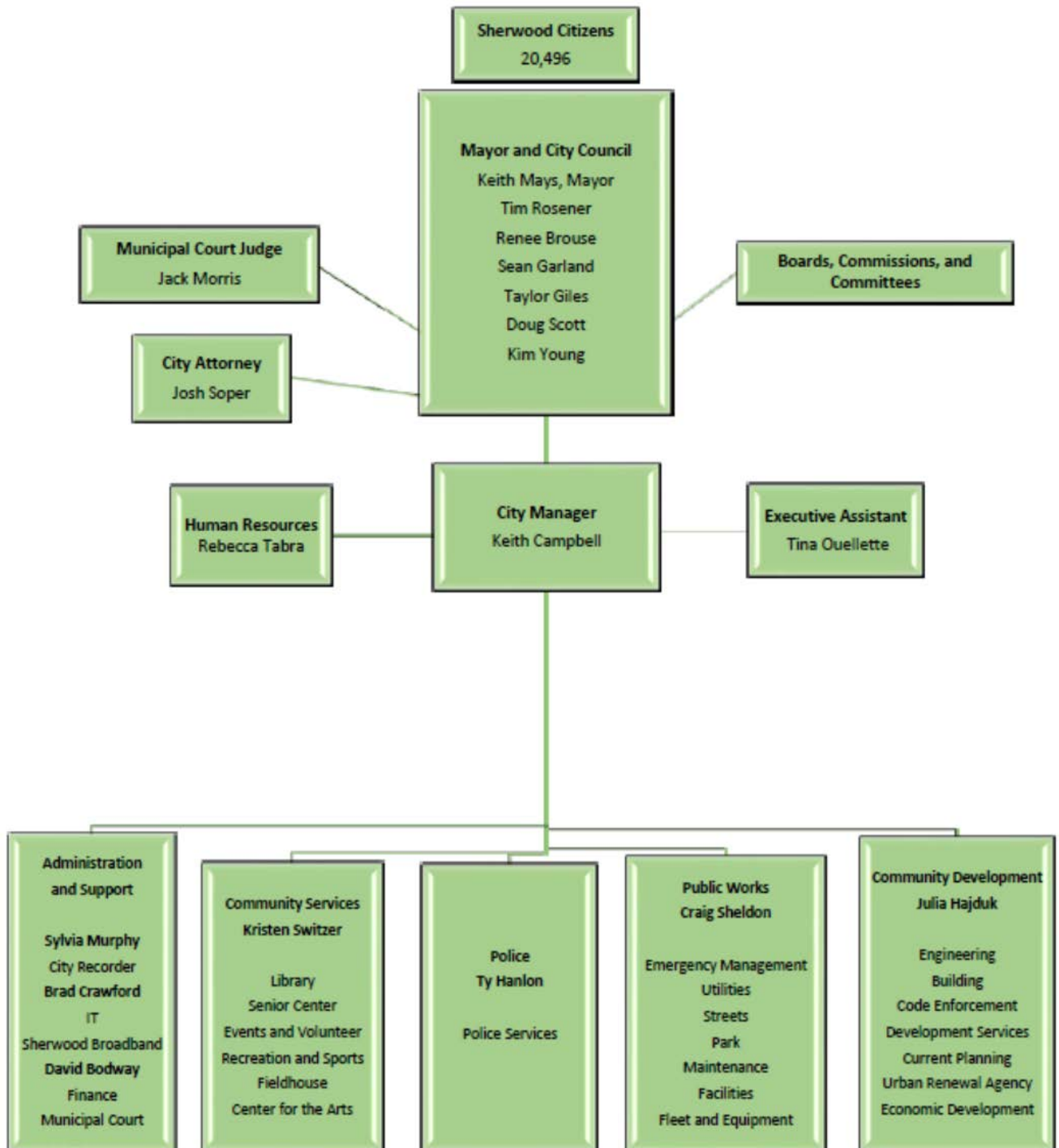
Name	Term Expires
Mayor Keith Mays	January 2023
Councilor Tim Rosener	January 2023
Councilor Renee Brouse	January 2025
Councilor Sean Garland	January 2025
Councilor Taylor Giles	January 2023
Councilor Doug Scott	January 2023
Councilor Kim Young	January 2025

PRINCIPAL ADMINISTRATIVE OFFICIALS

Name	Title
Keith Campbell	City Manager
David Bodway III, Executive MPA	Finance Director
Josh Soper	City Attorney

All may be reached at:
22560 SW Pine St
Sherwood, OR 97140

2022 CITY OF SHERWOOD ORGANIZATION CHART



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
P 503.274.2849 F 503.274.2853 www.tkw.com

INDEPENDENT AUDITOR'S REPORT

City Council
City of Sherwood
Sherwood, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sherwood, Oregon (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Plan Contributions, Schedule of Changes in the City's Total OPEB Liability and Related Ratios and Schedule of the Proportionate Share of the Net OPEB Liability (Asset), Schedule of the City's Contributions, and Notes to Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund and major special revenue funds, listed in the Table of Contents, as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund schedules, collectively presented as Other Supplementary Information and Other Information, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated March 16, 2023 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.

A handwritten signature in blue ink, reading "Timothy R. Gillette". The signature is written in a cursive style and is positioned above a light blue rectangular stamp.

For Talbot, Korvola & Warwick, LLP
Portland, Oregon
March 16, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

This section of the City of Sherwood's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022 presents the highlights of financial activities and illustrates the financial position of the City of Sherwood, Oregon ("the City") for the year ended June 30, 2022 (FY22). It has been prepared by management and should be read in conjunction with the financial statements and notes. To make this report easier to read, all dollar amounts have been rounded to the nearest million or thousand, as indicated.

1. FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets and deferred outflows of the City exceed total liabilities and deferred inflows at the close of FY22 by \$188.8 million (net position). Of this amount, \$37.8 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position).
- Current assets were \$103.8 million at the end of FY22. Of that amount, \$100.5 million (96%) of current assets were in cash and investments. Sherwood's current assets increased by \$57.1 million (124.6%) during FY22. This is due to prudent fiscal management, increases in receipts related to development and three debt issuances.
- Sherwood had capital and long-term assets (net of depreciation) of \$183.0 million at the end of FY22. Sherwood's capital and long-term assets increased by \$19.7 million during FY22. The primary reasons for the change is on-going projects, broadband expansion, completion of several recent capital asset additions and projects beginning in the 2021 Urban Renewal Agency.

At the Consolidated Fund Level

- In the aggregate, the governmental funds' ending fund balance was \$49.3 million, an increase of approximately \$31.1 million (169.9%) for the fiscal year.
- In the aggregate, the proprietary funds' ending fund balance equivalent, *Net Position*, was \$110.0 million, an increase of \$10.0 million (10.0%), for the fiscal year.
- Total property tax revenue was \$10.3 million, an increase of \$0.6 million (6.2%), for the fiscal year.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis serves as an introduction and summary of the City's basic financial statements. It is followed by the basic financial statements themselves, which are made up of three elements; Government-Wide Financial Statements, Fund Financial Statements, and Notes to Basic Financial Statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

One way to evaluate the City's financial position is by measuring the City's net positions and how they change over time. Tables 1 and 2 provide this evaluation. The Statement of Net Position (Table 1) includes the City's assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of improvements or deterioration of the City's financial position.

The Statement of Activities (Table 2) presents all of the current year's revenues and expenses to show the source of the changes in net position. These two tables together show the City's net positions and how they have changed in the 12 months ending June 30, 2022.

Both of these statements are divided into two categories: *Governmental Activities* and *Proprietary Activities*.

Governmental Activities include most of the City's basic services such as police, library, streets, community development, community services, and general administration. These are generally tax and fee supported functions.

Proprietary Activities are those functions for which the City charges fees for a direct provision of services. These services include water, sewer, storm, and broadband utilities. These are business-like entities, where the focus is on long term financial needs.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Statement of Net Position

Table 1 shows that the City's total net position increased from \$171.8 million to \$188.8 million during FY22. This was an increase of \$17.0 million or 9.9%.

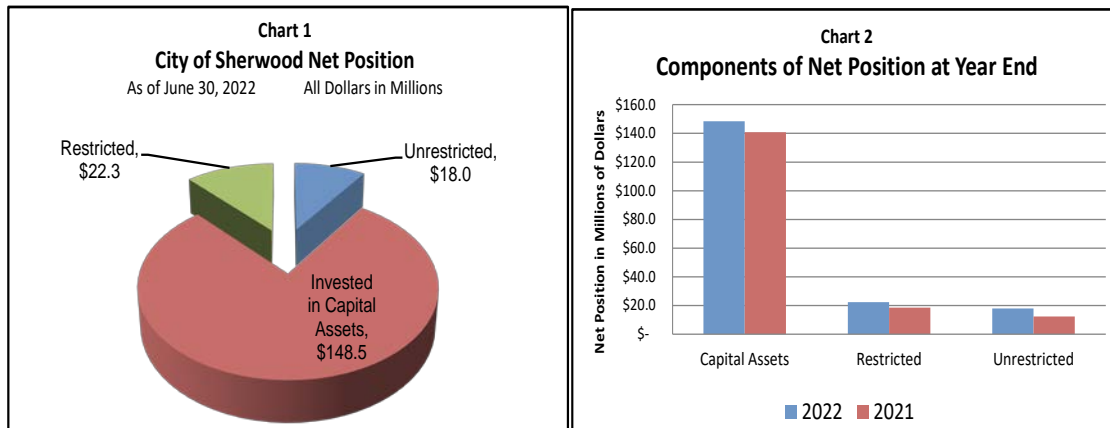
Table 1 Sherwood's Net Position At Fiscal Year End (June 30, 2022 and 2021) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS:						
Current assets	\$ 54.0	\$ 19.9	\$ 49.8	\$ 26.8	\$ 103.8	\$ 46.7
Long-term assets	1.2	0.1	1.3	1.1	2.6	1.2
Capital assets	72.4	70.3	108.1	94.8	180.5	162.1
TOTAL ASSETS	<u>127.5</u>	<u>90.3</u>	<u>159.2</u>	<u>122.7</u>	<u>286.9</u>	<u>213.0</u>
DEFERRED OUTFLOWS:	<u>6.3</u>	<u>5.3</u>	<u>1.2</u>	<u>0.9</u>	<u>7.5</u>	<u>6.2</u>
LIABILITIES:						
Current liabilities	5.8	2.7	6.3	3.1	12.0	5.7
Long-term liabilities	40.9	20.3	42.8	20.4	83.7	40.6
TOTAL LIABILITIES	<u>46.7</u>	<u>22.9</u>	<u>49.1</u>	<u>23.4</u>	<u>95.8</u>	<u>46.3</u>
DEFERRED INFLOWS:	<u>8.4</u>	<u>0.9</u>	<u>1.3</u>	<u>0.2</u>	<u>9.7</u>	<u>1.1</u>
NET POSITION:						
Invested in capital assets	65.9	65.0	82.6	75.0	148.5	140.8
Restricted	14.4	9.4	7.9	9.2	22.3	18.6
Unrestricted	(1.5)	(2.6)	19.5	15.0	18.0	12.4
TOTAL NET POSITION	<u>\$ 78.8</u>	<u>\$ 71.8</u>	<u>\$ 110.0</u>	<u>\$ 100.0</u>	<u>\$ 188.8</u>	<u>\$ 171.8</u>

As Chart 1 on the next page shows, the City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$148.5 million in land, buildings, equipment, and infrastructure (less depreciation and outstanding debt used to acquire those assets). The City uses these assets to provide services to its citizens so they are not assets that are available for future spending. Restricted net position \$22.3 million relates to amounts that are legally restricted for specific future obligations. Unrestricted net position of \$18.0 million is available to meet the City's on-going obligations.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)



Statement of Activities

The Statement of Activities (Table 2) presents the changes in net position by detailing the revenues and expenses for the Fiscal Years 2022 and 2021. This information is broken into Governmental Activities and Proprietary Activities. Revenues and expenses are segregated by general categories (revenues) and programs (expenses). Highlights of increases and decreases of the year are as follows.

Governmental Activities

- Revenue increased by a net of \$3.7 million (14.7%) primarily due to the increase in charges for services and capital grants/contributions. Total expenses decreased \$2.1 million (8.8%) in FY22 mainly in response to open positions and supply chain issues related to the ongoing COVID-19 pandemic.

Proprietary Activities

- Overall revenue increased from the prior year by \$8.0 million (65.0%).
 - Charges for services increased by \$0.1 million (1.0%) mainly due to an increase in utility rate payer revenue.
 - Capital contributions increased by \$7.8 million (520.0%) due to increased development activity resulting in increased System Development Charges (SDCs).
- Expenses increased by \$2.1 million (25.6%) in FY22 due to the continued buildout of Sherwood Broadband Fiber to the Home.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table 2 Statement of Activities For the Fiscal Years Ending (June 30, 2022 and 2021) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 8.2	\$ 5.1	\$ 10.2	\$ 10.1	\$ 18.3	\$ 15.2
Operating grants/contributions	2.1	6.1	1.0	0.5	3.1	6.6
Capital grants/contributions	6.1	2.0	9.3	1.5	15.4	3.4
<u>General revenues</u>						
Property taxes	10.3	9.7	-	-	10.3	9.7
Franchise fees	2.2	2.1	-	-	2.2	2.1
Other general revenue	0.1	0.2	(0.2)	0.2	(0.1)	0.4
Total revenues	<u>28.9</u>	<u>25.2</u>	<u>20.3</u>	<u>12.3</u>	<u>49.2</u>	<u>37.5</u>
Expenses						
<u>Governmental Activities</u>						
Administration	2.9	3.0	-	-	2.9	3.0
Community development	3.2	3.3	-	-	3.2	3.3
Public safety	4.8	5.5	-	-	4.8	5.5
Community services	2.7	2.9	-	-	2.7	2.9
Public works	7.4	9.1	-	-	7.4	9.1
Interest on long-term debt	0.9	0.2	-	-	0.9	0.2
<u>Business-Type Activities</u>						
Water	-	-	4.0	4.4	4.0	4.4
Sanitary	-	-	0.9	0.9	0.9	0.9
Storm	-	-	1.6	1.3	1.6	1.3
Broadband	-	-	3.8	1.5	3.8	1.5
Total expenses	<u>21.9</u>	<u>24.0</u>	<u>10.3</u>	<u>8.2</u>	<u>32.2</u>	<u>32.2</u>
Change in net position	7.0	1.3	10.0	4.1	17.0	5.3
Beginning Net Position	<u>71.8</u>	<u>70.5</u>	<u>100.0</u>	<u>95.9</u>	<u>171.8</u>	<u>166.4</u>
Ending Net Position	\$ 78.8	\$ 71.8	\$ 110.0	\$ 100.0	\$ 188.8	\$ 171.8

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS

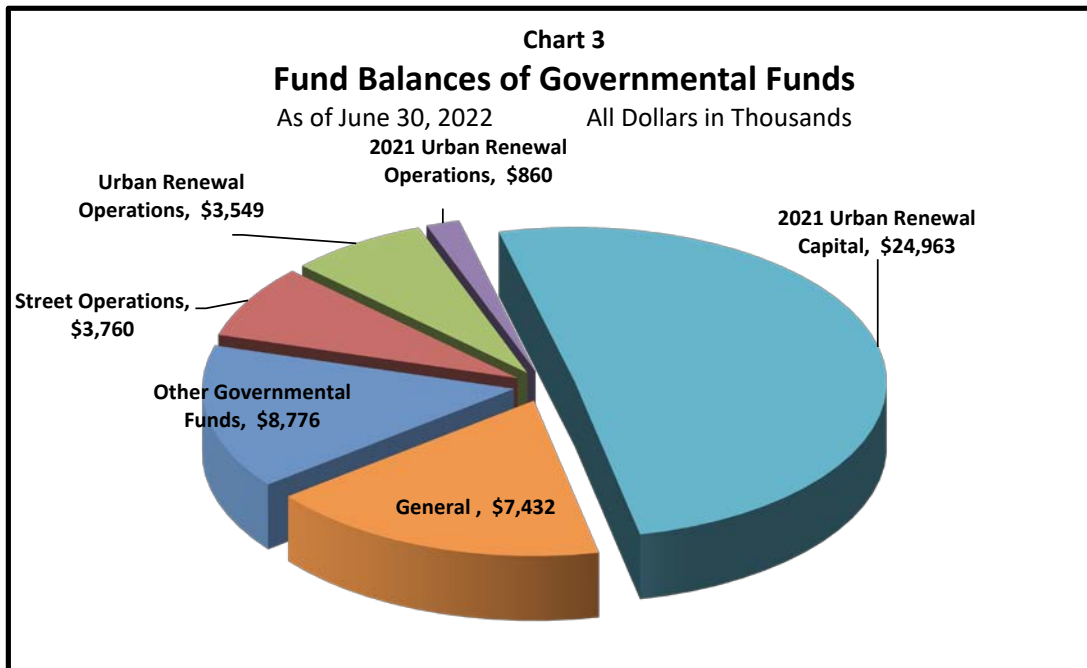
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and accounting standards. While there are numerous ways of categorizing funds, for simplicity sake, this report will continue the format initiated above, using the *Governmental* activities and *Proprietary* activities split.

Governmental Funds in Total

The focus of the governmental funds is to provide information on near-term inflows, outflows, and fund balances of spendable resources for activities that are generally tax-supported. These funds focus on cash flow and indicate how well the City of Sherwood balances current revenues with current outflows. This is different than the focus of the proprietary funds, which rely on user fees directly related to the provision of services. The focus of proprietary funds is on the long term sustainability of the functions, similar to the focus of private sector entities. Net position is the key indicator of that sustainability.

Ending fund balances for the Governmental Funds increased by \$31.1 million (169.9%).

Table 3 Governmental Funds: Changes in Fund Balance Fiscal Year 2022 <i>On a Modified Accrual Basis - In Thousands of Dollars</i>							
	General	Street Operations	Urban Renewal Operations	2021 Urban Renewal Operations	2021 Urban Renewal Capital	Other Governmental Funds	Totals
Beginning Fund Balances	\$ 7,173	\$ 2,587	\$ 1,127	\$ -	\$ -	\$ 7,394	\$ 18,281
Change in Fund Balances	259	1,173	2,422	860	24,963	1,381	31,059
Ending Fund Balances June 30, 2022	<u>\$ 7,432</u>	<u>\$ 3,760</u>	<u>\$ 3,549</u>	<u>\$ 860</u>	<u>\$ 24,963</u>	<u>\$ 8,776</u>	<u>\$ 49,340</u>



CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Governmental Funds in Total (Continued)

- The General Fund increased 3.6% due to open positions and supply chain issues related to the ongoing COVID-19 pandemic.
- The Street Operations Fund increased by 45.3% due mainly to limited construction activity in FY21. In this fund, revenue is generated and spent on projects, but not necessarily in the same fiscal year. It is normal for operations to fluctuate year over year.
- The Urban Renewal Operations fund increased 214.9%. Prior fiscal year there was a large expenditure for the early retirement of one loan. Remaining revenues will be used to pay off debt until the debt can be paid off in full.
- The 2021 Urban Renewal Operations fund is a new fund this fiscal year. Prior fiscal year there was no activity.
- The 2021 Urban Renewal Capital fund is a new fund this fiscal year. Prior fiscal year there was no activity.
- The Street Capital Fund, which is a non-major fund included in Other Governmental Funds, increased \$1.5 million (26.8%) from funds transferred in for the Cedar Creek Trail Project and infrastructure development fees outperforming expectations.

CITY OF SHERWOOD, OREGON

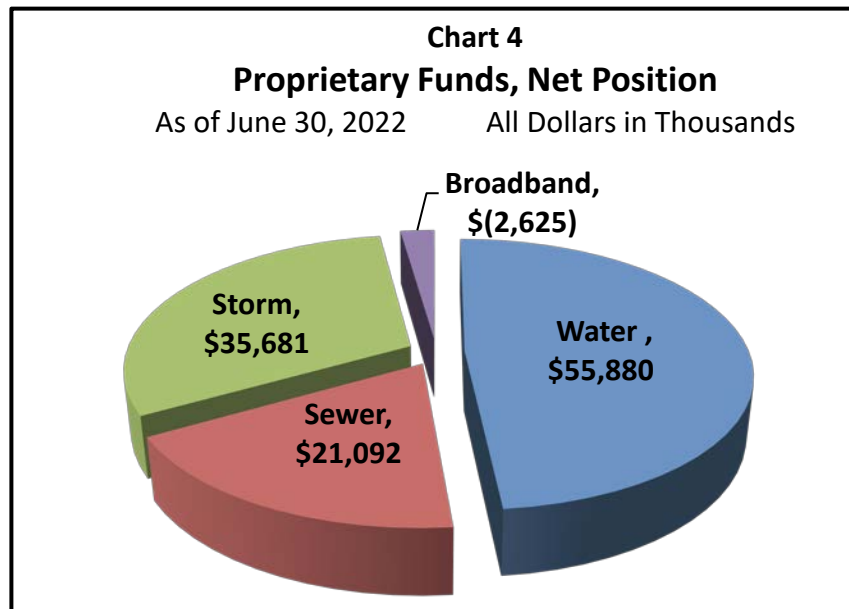
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

Proprietary Funds

Table 4 and Chart 4 show that ending net position for the proprietary funds was \$110.0 million, \$10.0 million (10.0%) higher than last year.

Table 4 Proprietary Funds, Changes in Net Position Fiscal Year 2022 <i>On an Accrual Basis In Thousands of Dollars</i>					
	Water	Sewer	Storm	Broadband	Totals
Beginning Net Position	\$ 51,360	\$ 18,038	\$ 30,479	\$ 168	\$ 100,044
Change in Net Position	4,520	3,054	5,203	(2,793)	9,984
Net Position June 30, 2022	\$ 55,880	\$ 21,092	\$ 35,681	\$ (2,625)	\$ 110,029



- Water – increase due to revenue from utility rates and debt issuance, while capital activity remains low as well as revenue related to development and contributed assets from private developers.
- Sewer – increase in revenue related to development and contributed assets from private developers.
- Storm – increase due to revenue from utility rates as well as contributed assets from private developers.
- Broadband – decreased due to infrastructure development costs for the planned expansion of broadband services within the City.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

4. GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget. The General Fund budgetary schedule (on page 76) shows that during the year City Council approved appropriation transfers resulting in a net increase in expenditure appropriations of \$574,516.

Final Budget Compared to Actual Results. The year-end fund balance was \$2.8 million higher than budgeted with major variances as follows.

- Revenue came in \$0.2 million over budget due mainly to franchise fees and charges for services coming in over budget.
- Expenditures were carefully controlled in all divisions which led to about \$2.6 million in savings.
- Partial use of the contingency budget of \$0.8 million was used and transferred to various departments to cover unexpected expenditures that occurred during the fiscal year.

The ending fund balance for the General Fund is higher than budgeted and is higher than in previous fiscal year. The City has made a conscious decision to save fund balance from one-time events (such as the sale of land) or from temporary increases (such as from development) in anticipation of upcoming demands facing governments with the limitations on property tax revenues and increasing costs, notably costs associated with the public retirement system (PERS). Management remains vigilant and will continue to closely monitor the fund balance in the General Fund as well as the City's five-year financial outlook.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

5. CAPITAL ASSETS

Government wide, capital assets increased to \$180.5 million in FY22. This was an increase of \$15.3 million (9.3%).

Table 5 Government Wide Capital Assets Net of Depreciation For the Fiscal Years Ending (June 30, 2022 and 2021) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 13.1	\$ 12.5	\$ 0.2	\$ 0.2	\$ 13.4	\$ 12.8
Intangibles	7.2	7.1	6.8	3.8	14.0	11.0
Construction In Progress	4.7	4.5	5.5	3.8	10.3	8.4
Infrastructure	24.1	21.8	95.0	86.2	119.0	108.1
Buildings & Improvements	21.3	22.9	0.0	0.0	21.4	22.9
Machinery and Equipment	0.7	0.5	0.6	0.6	1.3	1.1
Vehicles	1.1	0.9	0.0	0.1	1.2	1.0
Total Capital Assets	\$ 72.3	\$ 70.3	\$ 108.1	\$ 94.8	\$ 180.5	\$ 165.2
Accumulated Depreciation	\$ 89.9	\$ 85.7	\$ 20.6	\$ 19.2	\$ 110.5	\$ 104.9

Major changes to capital assets, net of depreciation expense are as follows:

Governmental Activities:

- CWIP Infrastructure: \$0.2 million
- Contributed infrastructure from private developers: \$2.9 million
- Vehicles: \$0.2

Proprietary Activities:

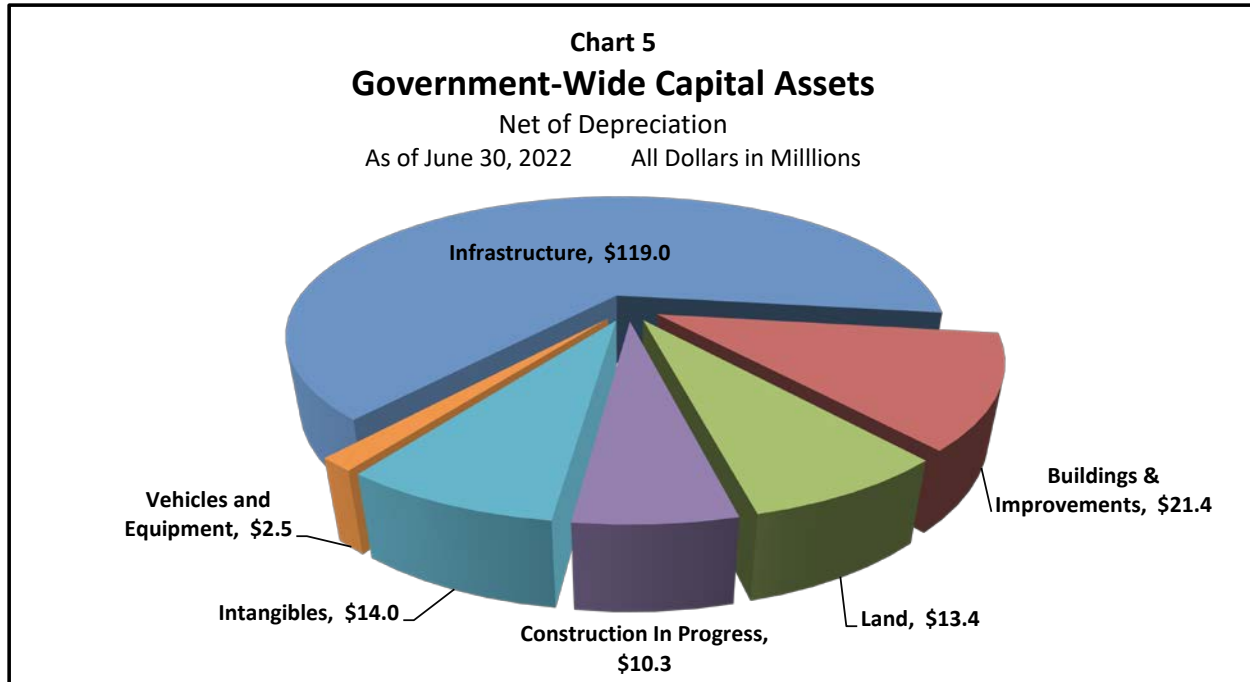
- Water, Storm water and Broadband improvements: \$13.3 million
- Contributed infrastructure from private developers: \$8.4 million

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

5. CAPITAL ASSETS (Continued)

Chart 5 shows the allocation of Capital Assets by category. Intangible assets are easements donated to and purchased by the City for right-of-way uses. Additional information regarding capital assets may be found in Note II.D.



CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

6. DEBT OUTSTANDING

On June 30, 2022, the City had long term debt obligations of \$74.57 million. Of this amount, \$31.92 million will be serviced by tax increment revenues and \$42.55 million is categorized as full faith and credit obligations but is being serviced from utility rate revenue.

During the fiscal year, the City issued three debt issuances: \$19.6 million to help fund urban renewal projects, \$18.9 million to help fund Broadband infrastructure and \$9.5 million to improve the City's water system.

Outstanding debt increased due to the city taking out three additional debt issuances, as explained in the previous paragraph. Additional information regarding the City's long-term obligations may be found in Note II.G. of the Notes to Basic Financial Statements.

Table 6 Outstanding Debt at Fiscal Year End For the Fiscal Years Ending (June 30, 2022 and 2021) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Full Faith and Credit	\$ -	\$ -	\$42.55	\$ 18.92	\$42.55	\$ 18.92
General Obligation Bonds	-	-	-	-	-	-
Tax Increment Revenue	31.92	5.25	-	-	31.92	5.25
Capital Leases	-	-	0.10	0.15	0.10	0.15
Total Outstanding Debt	\$31.92	\$ 5.25	\$42.65	\$ 19.08	\$74.57	\$ 24.33

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary economic factor influencing the City of Sherwood budget is growth in the active markets of commercial, industrial and residential. Current and foreseeable future growth has increased having a moderate impact on the City's revenue. Recent developments will contribute to increased property tax revenues but likely this will not be reflected for another year. Other General Fund revenue sources are expected to continue with the trend of minimal annual increases. These increases in General Fund revenue have been forecast in next year's budget.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The fees required to support the City's proprietary activities have been updated in the water fund and SDC rates have been updated based on recent studies. The 2% City charter limitation on future tax and fee increases over time will impact the water and street funds. The impact to sewer and stormwater funds is lessened by the fact that Clean Water Services has historically set these rates.

Personnel services costs are projected to increase due to costs of merit increases, cost-of-living adjustments and labor union negotiations. Several new positions have been initiated in this budget cycle and are likely to offset any significant cost savings from last year's personnel reduction.

8. FINANCIAL CONTACT

The City's financial statements are designed to present City 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 David Bodway, Finance Director, at 22560 SW Pine Street, Sherwood Oregon, 97140; (503) 625-4248; or BodwayD@SherwoodOregon.gov.

BASIC FINANCIAL STATEMENTS

CITY OF SHERWOOD
Sherwood, Oregon

STATEMENT OF NET POSITION
JUNE 30, 2022

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 50,669,689	\$ 49,860,247	\$ 100,529,936
Internal balances	1,644,607	(1,644,607)	-
Receivables, net	1,469,575	1,547,867	3,017,442
Lease receivable	123,346	-	123,346
Prepays	92,438	63,693	156,131
Total current assets	<u>53,999,655</u>	<u>49,827,200</u>	<u>103,826,855</u>
Noncurrent assets:			
Lease receivable	1,026,338	-	1,026,338
Investment in joint ventures	-	1,269,712	1,269,712
Net other post employment benefits asset	177,993	44,746	222,739
Capital assets:			
Land, improvements and construction in progress	25,086,695	12,538,054	37,624,749
Other capital assets, net	<u>47,254,580</u>	<u>95,608,085</u>	<u>142,862,665</u>
Total noncurrent assets	<u>73,545,606</u>	<u>109,460,597</u>	<u>183,006,203</u>
TOTAL ASSETS	<u>127,545,261</u>	<u>159,287,797</u>	<u>286,833,058</u>
DEFERRED OUTFLOWS			
Pension	6,217,351	1,152,033	7,369,384
Other Post Employment Benefits	<u>65,824</u>	<u>16,547</u>	<u>82,371</u>
TOTAL DEFERRED OUTFLOWS	<u>6,283,175</u>	<u>1,168,580</u>	<u>7,451,755</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	1,595,778	2,549,600	4,145,378
Payroll payable	614,747	140,003	754,750
Unearned revenue	2,207,711	1,665,000	3,872,711
Accrued interest	84,372	128,323	212,695
Current portion of long-term obligations	<u>1,277,863</u>	<u>1,784,796</u>	<u>3,062,659</u>
Total current liabilities	<u>5,780,471</u>	<u>6,267,722</u>	<u>12,048,193</u>
Noncurrent liabilities:			
Net pension liability	8,825,586	1,635,320	10,460,906
Total other post employment benefits obligation	598,141	150,367	748,508
Noncurrent portion of long-term obligations	<u>31,470,053</u>	<u>41,028,076</u>	<u>72,498,129</u>
Total noncurrent liabilities	<u>40,893,780</u>	<u>42,813,763</u>	<u>83,707,543</u>
TOTAL LIABILITIES	<u>46,674,251</u>	<u>49,081,485</u>	<u>95,755,736</u>
DEFERRED INFLOWS			
Pension	7,105,447	1,316,591	8,422,038
Other post employment benefits	117,716	29,594	147,310
Lease resources	<u>1,149,684</u>	<u>-</u>	<u>1,149,684</u>
TOTAL DEFERRED INFLOWS	<u>8,372,847</u>	<u>1,346,185</u>	<u>9,719,032</u>
NET POSITION:			
Net investment in capital assets	65,942,422	82,571,628	148,514,050
Restricted for:			
Capital assets	6,523,771	7,923,329	14,447,100
Street and roadside maintenance	3,754,690	-	3,754,690
Urban renewal projects	3,612,977	-	3,612,977
Debt service	76,588	-	76,588
Tourism	205,733	-	205,733
OPEB Asset	177,993	44,746	222,739
Unrestricted (Deficit)	<u>(1,512,836)</u>	<u>19,489,004</u>	<u>17,976,168</u>
TOTAL NET POSITION	<u>\$ 78,781,338</u>	<u>\$ 110,028,707</u>	<u>\$ 188,810,045</u>

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				Net Revenue (Expense) and Change in Net Position		
ACTIVITIES	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
Administration	\$ 2,889,705	\$ 2,171,422	\$ 966,908	\$ -	\$ 248,625	\$ -	\$ 248,625
Community Development	3,178,508	2,597,387	-	1,489,300	908,179	-	908,179
Public Safety	4,821,149	53,789	3,893	-	(4,763,467)	-	(4,763,467)
Community Services	2,719,997	532,774	1,158,070	-	(1,029,153)	-	(1,029,153)
Public Works	7,445,897	2,823,926	-	4,577,713	(44,258)	-	(44,258)
Interest on long-term obligations	867,469	-	-	-	(867,469)	-	(867,469)
Total governmental activities	21,922,725	8,179,298	2,128,871	6,067,013	(5,547,543)	-	(5,547,544)
Business-Type activities:							
Water	4,024,820	6,332,047	-	2,330,838	-	4,638,065	4,638,065
Sewer	861,068	814,211	980,739	2,131,420	-	3,065,302	3,065,302
Storm	1,572,835	2,081,045	-	4,714,857	-	5,223,067	5,223,067
Broadband	3,832,738	932,436	-	150,439	-	(2,749,863)	(2,749,863)
Total business-type activities	10,291,461	10,159,739	980,739	9,327,554	-	10,176,571	10,176,571
Total	\$ 32,214,186	\$ 18,339,037	\$ 3,109,610	\$ 15,394,567	(5,547,543)	10,176,571	4,629,027
GENERAL REVENUES							
Property taxes					10,324,451	-	10,324,451
Franchise fees and taxes					2,191,084	-	2,191,084
Unrestricted interest earnings					(26,690)	(192,135)	(218,825)
Miscellaneous					83,372	-	83,372
TOTAL GENERAL REVENUES					12,572,217	(192,135)	12,380,082
CHANGE IN NET POSITION					7,024,673	9,984,436	17,009,109
NET POSITION, June 30, 2021					71,756,665	100,044,271	171,800,936
NET POSITION, June 30, 2022					\$ 78,781,338	\$ 110,028,707	\$ 188,810,045

See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2022

	General Fund	Street Operations Fund	Urban Renewal Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Other Nonmajor Governmental Funds	Totals
ASSETS:							
Cash and investments	\$ 7,887,412	\$ 3,906,711	\$ 3,537,946	\$ 860,021	\$ 23,515,395	\$ 10,962,204	\$ 50,669,689
Due from other funds	-	-	-	-	1,644,607	-	1,644,607
Receivables	1,064,888	278,854	58,412	-	-	67,421	1,469,575
Lease receivable	1,149,684	-	-	-	-	-	1,149,684
Prepays	87,108	5,330	-	-	-	-	92,438
TOTAL ASSETS	\$ 10,189,092	\$ 4,190,895	\$ 3,596,358	\$ 860,021	\$ 25,160,002	\$ 11,029,625	\$ 55,025,993
LIABILITIES:							
Accounts payable	\$ 776,542	\$ 364,329	\$ 1,832	\$ 5	\$ 194,363	\$ 39,532	\$ 1,376,603
Payroll payable	576,071	24,716	4,584	-	2,832	6,544	614,747
Unearned revenue, grants	-	-	-	-	-	2,207,711	2,207,711
Other current liabilities	177,345	41,830	-	-	-	-	219,175
TOTAL LIABILITIES	1,529,958	430,875	6,416	5	197,194	2,253,787	4,418,235
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, leases	1,149,684	-	-	-	-	-	1,149,684
Unavailable revenue, property taxes	77,389	-	40,604	-	-	-	117,993
TOTAL DEFERRED INFLOWS OF RESOURCES	1,227,073	-	40,604	-	-	-	1,267,677
FUND BALANCES:							
Nonspendable in form	87,108	5,330	-	-	-	-	92,438
Restricted for:							
Capital Projects	-	-	-	-	-	6,523,771	6,523,771
Street Maintenance	-	3,754,690	-	-	-	-	3,754,690
Urban Renewal Projects	-	-	3,549,338	860,017	24,962,807	-	29,372,162
Tourism	-	-	-	-	-	205,733	205,733
Debt Service	-	-	-	-	-	76,588	76,588
Committed to:							
Capital Projects	-	-	-	-	-	565,164	565,164
Grants	-	-	-	-	-	28,927	28,927
School District	50,095	-	-	-	-	-	50,095
Assigned to:							
Risk Management	41,754	-	-	-	-	-	41,754
Fleet Replacement	84,870	-	-	-	-	-	84,870
Capital Projects	-	-	-	-	-	1,375,655	1,375,655
Subsequent Years Appropriation of Fund Balance	2,489,243	-	-	-	-	-	2,489,243
Unassigned	4,678,991	-	-	-	-	-	4,678,991
TOTAL FUND BALANCES	7,432,061	3,760,020	3,549,338	860,017	24,962,807	8,775,838	49,340,081
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,189,092	\$ 4,190,895	\$ 3,596,358	\$ 860,021	\$ 25,160,002	\$ 11,029,625	\$ 55,025,993

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022**

TOTAL FUND BALANCE \$ 49,340,081

Total net position shown in the Statement of Net Position is different because:

Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.

Cost	\$ 162,269,810	
Accumulated depreciation	<u>(89,928,535)</u>	72,341,275

Other post employment benefit assets are not financial resources for budgetary purposes and are therefore not reported in the governmental funds		177,993
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A portion of the City's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are unavailable and are reported as such in the governmental funds.		117,993
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Deferred Inflows - Pension		(7,105,447)
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Deferred Inflows - Other Post Employment Benefits		(117,716)
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Deferred Outflows - Pension		6,217,351
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Deferred Outflows - Other Post Employment Benefits		65,824
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Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(823,772)
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Liabilities not payable in the current year are not reported as governmental fund liabilities.

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These amounts consist of:

Bonds, notes, and leases payable	\$ (28,001,970)	
Pension liability	(8,825,586)	
OPEB liability	(598,141)	
Premium on bonds	(3,922,175)	
Accrued interest payable	<u>(84,372)</u>	<u>(41,432,244)</u>

TOTAL NET POSITION		<u>\$ 78,781,338</u>
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See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Street Operations Fund	Urban Renewal Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Other Nonmajor Governmental Funds	Totals
REVENUES:							
Property Taxes	\$6,813,554	\$ -	\$ 3,513,597	\$ -	\$ -	\$ -	\$ 10,327,151
Franchises and fees	2,161,853	-	-	-	-	29,231	2,191,084
Intergovernmental	2,028,454	2,035,025	-	-	-	209,022	4,272,501
Charges for services	3,116,497	686,427	-	-	-	147,345	3,950,269
Infrastructure development fees	-	738,723	-	-	-	2,417,055	3,155,778
Fines and forfeitures	2,089,239	-	-	-	-	-	2,089,239
Interest on investments	(24,306)	(12,951)	(13,693)	2,841	60,798	(37,999)	(25,310)
Miscellaneous	69,778	1,595	-	-	-	-	71,373
TOTAL REVENUES	16,255,069	3,448,819	3,499,904	2,841	60,798	2,764,654	26,032,085
EXPENDITURES:							
Current:							
Administration	2,908,020	-	86,377	2,986	-	-	2,997,383
Community Development	2,979,824	-	-	-	303,137	-	3,282,961
Public Safety	4,994,852	-	-	-	-	-	4,994,852
Community Services	2,537,697	-	-	-	-	-	2,537,697
Public Works	1,458,903	1,519,892	-	-	-	689,094	3,667,889
Noncurrent							
Capital Outlay	1,131,604	5,678	-	-	790,009	1,440,000	3,367,291
Debt Service - Principal	-	-	780,000	-	-	-	780,000
Debt Service - Interest	-	-	211,387	752,869	-	-	964,256
TOTAL EXPENDITURES	16,010,900	1,525,570	1,077,763	755,855	1,093,147	2,129,094	22,592,329
Excess of revenues over expenditures	244,169	1,923,249	2,422,140	(753,014)	(1,032,349)	635,560	3,439,755
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	-	1,613,031	22,002,269	-	23,615,300
Debt premium	-	-	-	-	3,992,887	-	3,992,887
Proceeds from sale of capital assets	10,725	-	-	-	-	-	10,725
Transfers in	4,117	-	-	-	-	826,322	830,439
Transfers out	-	(750,000)	-	-	-	(80,439)	(830,439)
TOTAL OTHER FINANCING SOURCES (USES)	14,842	(750,000)	-	1,613,031	25,995,156	745,883	27,618,912
NET CHANGE IN FUND BALANCES	259,011	1,173,249	2,422,140	860,017	24,962,807	1,381,443	31,058,667
FUND BALANCES - beginning of year	7,173,050	2,586,771	1,127,198	-	-	7,394,395	18,281,414
FUND BALANCES - end of year	\$7,432,061	\$3,760,020	\$ 3,549,338	\$ 860,017	\$24,962,807	\$ 8,775,838	\$49,340,081

See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 31,058,667**

Amounts reported for governmental activities in the
Statement of Activities are different because of the following:

Governmental funds report capital assets additions as expenditures while
governmental activities report depreciation expense to allocate those expenditures
over the life of the assets. The difference between these two amounts is:

Expenditures capitalized	\$ 3,874,205	
Loss on disposal of capital assets	(106)	
Depreciation	<u>(4,758,811)</u>	(884,712)

Contributions of capital assets are not recorded as revenues in the fund statements 2,907,395

Receivables that do not meet the measurable and available criteria are not
recognized as revenue in the current year in governmental funds. In the
Statement of Activities they are recognized as revenue when levied or earned. (2,700)

Proceeds from borrowing is recorded in the governmental funds, but the
issuance increases long-term liabilities in the Statement of Net Assets. (27,608,187)

Principal payments on long-term obligations are expenditures in the governmental funds,
but reduce long-term liabilities in the Statement of Net Position.

Premium on bonds	164,288	
Principal on capital lease	5,286	
Principal on bonds and notes	<u>780,000</u>	949,574

Some expenses reported in the Statement of Activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

Pension Expense	643,626	
OPEB Expense	(1,148)	
Accrued interest	(67,150)	
Compensated absences	<u>29,308</u>	<u>604,636</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 7,024,673**

CITY OF SHERWOOD

Sherwood, Oregon

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2022

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2022

	Water	Sewer	Storm	Broadband	Totals
ASSETS:					
Current assets:					
Cash and investments	\$ 26,651,987	\$ 3,709,277	\$ 6,765,186	\$ 12,733,797	\$ 49,860,247
Receivables, net	796,408	483,335	203,965	64,159	1,547,867
Prepays	28,781	9,594	12,586	12,732	63,693
Total current assets	27,477,176	4,202,206	6,981,737	12,810,688	51,471,807
Noncurrent assets:					
Investment in joint ventures	1,269,712	-	-	-	1,269,712
Net other post employment benefits asset	10,641	5,906	10,630	17,569	44,746
Land, improvements and construction in progress	3,662,070	3,076,763	5,119,882	679,339	12,538,054
Other capital assets, net	51,193,670	14,754,536	24,207,786	5,452,093	95,608,085
Total noncurrent assets	56,136,093	17,837,205	29,338,298	6,149,001	109,460,597
TOTAL ASSETS	83,613,269	22,039,411	36,320,035	18,959,689	160,932,404
DEFERRED OUTFLOWS :					
Pension	336,261	164,581	281,825	369,366	1,152,033
Other post employment benefits	3,935	2,184	3,930	6,498	16,547
TOTAL DEFERRED OUTFLOWS	340,196	166,765	285,755	375,864	1,168,580
LIABILITIES:					
Current liabilities:					
Accounts payable and other current liabilities	1,031,539	636,062	98,931	783,068	2,549,600
Payroll payable	40,528	12,566	24,035	62,874	140,003
Unearned revenue	-	-	-	1,665,000	1,665,000
Due to other funds	-	-	-	1,644,607	1,644,607
Accrued compensated absences	17,014	8,125	14,618	25,056	64,813
Loans payable - current portion	1,551,575	-	-	118,791	1,670,366
Leases payable - current portion	-	-	-	49,617	49,617
Accrued interest payable	99,461	-	-	28,862	128,323
Total current liabilities	2,740,117	656,753	137,584	4,377,875	7,912,329
Long-term liabilities					
Loans payable - long-term portion	24,402,997	-	-	16,475,620	40,878,617
Leases payable - long-term portion	-	-	-	52,238	52,238
Accrued compensated absences	25,521	12,188	21,927	37,585	97,221
Net pension liability	477,326	233,623	400,053	524,318	1,635,320
Net other post employment benefits obligation	35,758	19,847	35,721	59,041	150,367
Total long-term liabilities	24,941,602	265,658	457,701	17,148,802	42,813,763
TOTAL LIABILITIES	27,681,719	922,411	595,285	21,526,677	50,726,092
DEFERRED INFLOWS:					
Pension	384,294	188,089	322,082	422,126	1,316,591
Other post employment benefits	7,039	3,906	7,030	11,619	29,594
TOTAL DEFERRED INFLOWS	391,333	191,995	329,112	433,745	1,346,185
NET POSITION:					
Net investment in capital assets	37,989,949	17,831,299	29,327,668	(2,577,288)	82,571,628
Restricted for capital improvements	4,880,983	2,434,497	607,849	-	7,923,329
Restricted OPEB asset	10,641	5,906	10,630	17,569	44,746
Unrestricted	12,998,840	820,068	5,735,246	(65,150)	19,489,004
TOTAL NET POSITION	\$ 55,880,413	\$ 21,091,770	\$ 35,681,393	\$ (2,624,869)	\$ 110,028,707

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	Water	Sewer	Storm	Broadband	Totals
OPERATING REVENUES:					
Charges for services	\$ 6,332,047	\$ 814,211	\$ 2,081,045	\$ 932,436	\$ 10,159,739
Intergovernmental	-	980,739	-	-	980,739
TOTAL OPERATING REVENUES	<u>6,332,047</u>	<u>1,794,950</u>	<u>2,081,045</u>	<u>932,436</u>	<u>11,140,478</u>
OPERATING EXPENSES:					
Personnel services	627,241	344,161	615,430	981,385	2,568,217
Materials and services	2,206,205	353,942	663,660	2,340,300	5,564,107
Depreciation	<u>737,448</u>	<u>162,965</u>	<u>293,745</u>	<u>162,493</u>	<u>1,356,651</u>
TOTAL OPERATING EXPENSES	<u>3,570,894</u>	<u>861,068</u>	<u>1,572,835</u>	<u>3,484,178</u>	<u>9,488,975</u>
OPERATING INCOME (LOSS)	<u>2,761,153</u>	<u>933,882</u>	<u>508,210</u>	<u>(2,551,742)</u>	<u>1,651,503</u>
NONOPERATING INCOME (EXPENSE):					
Interest expense	(433,418)	-	-	(348,560)	(781,978)
Interest earnings	(118,005)	(11,083)	(20,348)	(42,699)	(192,135)
Loss in equity in joint ventures	(20,508)	-	-	-	(20,508)
Debt issuance costs	-	-	-	-	-
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(571,931)</u>	<u>(11,083)</u>	<u>(20,348)</u>	<u>(391,259)</u>	<u>(994,621)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>2,189,222</u>	<u>922,799</u>	<u>487,862</u>	<u>(2,943,001)</u>	<u>656,882</u>
Capital Contributions - System development fees	725,087	135,852	78,058	-	938,997
Capital Contributions - Contributed assets	<u>1,605,751</u>	<u>1,995,568</u>	<u>4,636,799</u>	<u>150,439</u>	<u>8,388,557</u>
CHANGE IN NET POSITION	<u>4,520,060</u>	<u>3,054,219</u>	<u>5,202,719</u>	<u>(2,792,562)</u>	<u>9,984,436</u>
NET POSITION, June 30, 2021	<u>51,360,353</u>	<u>18,037,551</u>	<u>30,478,674</u>	<u>167,693</u>	<u>100,044,271</u>
NET POSITION, June 30, 2022	<u>\$ 55,880,413</u>	<u>\$ 21,091,770</u>	<u>\$ 35,681,393</u>	<u>\$ (2,624,869)</u>	<u>\$ 110,028,707</u>

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Water	Sewer	Storm	Broadband	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 6,796,930	\$ 1,720,635	\$ 2,124,542	\$ 2,609,135	\$ 13,251,242
Payments to suppliers	(1,786,360)	(299,542)	(885,140)	(717,172)	(3,688,214)
Payments to employees	(739,245)	(346,955)	(595,342)	(734,157)	(2,415,699)
NET CASH FROM OPERATING ACTIVITIES	4,271,325	1,074,138	644,060	1,157,806	7,147,329
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(2,213,405)	(1,088,558)	(119,129)	(2,849,812)	(6,270,904)
System development charges	725,087	135,852	78,058	-	938,997
Principal paid on long-term obligations	(1,203,706)	-	-	(240,869)	(1,444,575)
Proceeds from debt issuance	9,997,403	-	-	14,954,700	24,952,103
Interest paid on long-term obligations	(373,881)	-	-	(245,329)	(619,210)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	6,931,498	(952,706)	(41,071)	11,618,690	17,556,411
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Contributions to joint ventures	(243,464)	-	-	-	(243,464)
Interest earnings	(118,005)	(11,083)	(20,348)	(42,699)	(192,135)
NET CASH FROM INVESTING ACTIVITIES	(361,469)	(11,083)	(20,348)	(42,699)	(435,599)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,841,354	110,349	582,641	12,733,797	24,268,141
CASH AND CASH EQUIVALENTS, beginning of year	15,810,632	3,598,927	6,182,545	-	25,592,104
CASH AND CASH EQUIVALENTS, end of year	\$ 26,651,987	\$ 3,709,277	\$ 6,765,186	\$ 12,733,797	\$ 49,860,247
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,761,153	\$ 933,882	\$ 508,210	\$ (2,551,742)	\$ 1,651,503
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	737,448	162,965	293,745	162,493	1,356,651
Pension expense	(112,606)	5,852	20,669	156,355	70,270
Net OPEB expense (benefit)	899	2,204	2,960	18,542	24,605
Decrease (increase) in assets					
Prepays	(28,476)	(8,147)	(12,385)	(2,388)	(51,396)
Receivables, net	464,883	(74,315)	43,497	11,699	445,764
Increase (decrease) in liabilities					
Accounts payable	410,769	178,024	(157,328)	750,802	1,182,267
Payroll payable	13,326	(2,620)	968	38,845	50,519
Due to other funds	-	-	-	874,714	874,714
Compensated absences payable	(13,623)	(8,230)	(4,509)	33,486	7,124
Unearned revenue	-	-	-	1,665,000	1,665,000
Other current liabilities	37,552	(115,477)	(51,767)	-	(129,692)
NET CASH FROM OPERATING ACTIVITIES	\$ 4,271,325	\$ 1,074,138	\$ 644,060	\$ 1,157,806	\$ 7,147,329
Summary of non-cash transactions:					
Contributions of capital assets from developers	\$ 1,605,751	\$ 1,995,568	\$ 4,636,799	\$ 150,439	\$ 8,388,557
Equity (loss) in joint venture	(20,508)	-	-	-	(20,508)

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Sherwood is a municipal corporation governed by seven-member City council. The City is managed by a City Manager who reports to the Council.

The accompanying blended financial statements present the City and its two component units. The City of Sherwood Urban Renewal Agency (URA) was formed July 1, 2001, the 2021 URA was formed May 18, 2021, and both are legally separate entities. The Sherwood City Council serves as the Board of Directors for both URA's, and is financially accountable for their operations. The URA's are included as component units in the basic financial statements, blended with the City. Financial statements of the City of Sherwood Urban Renewal Agencies may be obtained from the agency's administrative offices at 22560 SW Pine St., Sherwood, Oregon 97140.

B. Basic financial statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize 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 City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided by one fund and charged to another have been eliminated in the Statement of Activities with the exception of transfers between governmental activities and business-type activities. 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 year. 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 department or program 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 department or program. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column in the basic financial statements and are detailed in the other supplementary information.

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 balance/net position, revenues and expenditures/expenses.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic financial statements (Continued)

Professional standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses, for either fund category or the governmental and proprietary combined) for the determination of major funds. The City may also elect to add major funds that City officials believe are particularly useful to financial statement users. Non-major funds are combined in a column in the fund financial statements and detailed as other supplementary information in the financial report.

Governmental Funds:

Governmental funds finance most governmental functions of the City. The acquisition, use and balances of the City's expendable financial resources and the related liabilities, excluding those accounted for in proprietary funds, are accounted for through governmental funds. The following are the City's major governmental funds:

General: The General Fund is the primary operating fund. It accounts for financial resources not accounted for in other funds. Costs incurred on behalf of other funds initially recorded in the General Fund are then subsequently reimbursed by the funds benefiting from the expenditure.

Street Operations: The Street Operations Fund records street fees, apportionment of vehicle taxes and gas tax revenue. These revenues are used to maintain the streets, sidewalks, and streetscapes.

Urban Renewal Operations: The Urban Renewal Operations Fund accounts for tax increment funds of the agency, operational costs, and debt service payments.

2021 Urban Renewal Operations: The 2021 Urban Operations Fund accounts for tax increment funds of the agency, operational costs, and debt service payments.

2021 Urban Renewal Capital: The 2021 Urban Renewal Capital Fund accounts for capital projects within the 2021 Urban Renewal Agency boundaries.

The City also reports non-major governmental funds within the following fund types:

Debt service: Fund type used to account for accumulations of resources that are restricted, committed, or assigned to expenditure for principal and interest.

Special revenue: Fund type used to account for financial resources that are restricted for specific purposes other than capital projects.

Capital projects: Fund type used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic financial statements (Continued)

Proprietary Funds:

Proprietary funds are used to account for the acquisition, operation and maintenance of sewer, storm drainage, water systems, and broadband services in the City. These funds are entirely or predominantly self-supported through user charges to customers. The following are the City's major proprietary funds:

- Water Fund — The Water fund accounts for the City's water operations and capital projects.
- Sewer Fund — The Sewer fund accounts for the City's sewer operations and capital projects.
- Storm Fund — The Storm fund accounts for the City's storm drainage operations and capital projects.
- Broadband Fund — The Broadband fund (also known as Sherwood Broadband) accounts for the City's Broadband utility.

C. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

The government-wide and proprietary fund financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full-accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental funds financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported.

Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Property tax revenues are susceptible to accrual using the 60 day window.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Intergovernmental and interest revenue associated with the current fiscal period are all considered to be susceptible to accrual using the 60 day window and so have been recognized in the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus and basis of accounting (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City presents deferred inflows from pensions, other post-employment benefits (OPEB) and leases as deferred inflows on the statement of net position. The City also presents unavailable revenue as a deferred inflow of resources on the governmental funds balance sheet. The unavailable revenue arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current year. This unavailable revenue consists primarily of uncollected property taxes and grants not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferral created on the governmental fund balance sheet for unavailable revenue is eliminated.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presents deferred outflows from pensions and OPEB as deferred outflows on the statement of net position. The deferred outflows from pension and for OPEB are for plan contributions made subsequent to the measurement date of the liability, differences between expected and actual experience, net difference between projected and actual earnings on investments, changes in proportionate share, differences between City contributions and proportionate share of system contributions, and changes in assumptions.

Similar to the way revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt is recorded as a fund liability only when due, or to the extent that it is expected to be liquidated with expendable financial resources. However, in the government-wide financial statements with full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt, interest, claims and judgments and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus and basis of accounting (Continued)

Proprietary funds distinguish between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's ongoing operations. The principal operating revenues are charges to customers for services, intergovernmental revenues, and infrastructure development fees charged on building permits. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overheads, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance

1. *Cash and investments*

The City reports cash and investments at fair value in a common pool. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash balance as a proportion of the City's total pooled cash and investments.

2. *Receivables and payables*

Property taxes levied for the fiscal year beginning July 1 are calculated on assessed values on January 1. Property taxes become a lien on the property on July 1. The tax roll is certified and billed in October. Taxes are due in equal payments on November 15, February 15, and May 15. Discounts are allowed for taxes paid in full by November 15. Unpaid taxes are late the day after the due date, and are delinquent on May 16. Interest accrues on all late amounts. Washington County assesses, collects, and turns over property taxes for Sherwood and all other cities in the County. Property tax receivables become liens on real property if not paid. Consequently, no allowances for uncollectible accounts are provided for them.

Proprietary fund receivables are recorded as revenue when earned, including services earned but not billed. The receivables of proprietary funds include billing for residential and commercial customers utilizing the City's water, sewer, storm water management, and broadband services. An allowance for uncollectible accounts has been recorded for utility fees receivable, based on management's consideration of collectability and historical trends.

Under State of Oregon statutes, municipal court receivables are valid for ten years and are then renewable for another ten years. Delinquent receivables are turned over to an external collection agency after approximately 180 days. An allowance for uncollectible accounts has been recorded for court fines receivable, based on management's consideration of collectability and historical trends.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)

Accounts payable to vendors and contractors include general accounts payable, retainage payable, deposits payable and other accrued liabilities.

3. Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined as assets that benefit at least two fiscal periods and have a cost of at least \$5,000.

Infrastructure is defined as long-lived capital assets that can be preserved for a significantly greater number of years than most capital assets, and are normally stationary in nature. Infrastructure includes such items as water and sewer pipes, roads, and bridges.

Purchased or constructed capital assets are recorded at historical cost, or estimated historical cost if historical cost is not known. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 - 100
Buildings	50 - 60
Land improvements	12 - 20
Machinery and equipment	7 - 20
Licensed vehicles	5 - 10

4. Compensated absences

City employees accumulate earned but unused paid time off and sick leave. There is no liability for accumulated sick leave since the City does not pay any such amounts when employees separate from service. All unused paid time off is accrued when incurred in the government-wide and enterprise financial statements. In the governmental fund financial statements, compensated absences are reported only when they become due. In general, liabilities for compensated absences are liquidated by the fund that reports the liability, and in the General Fund and Street Operations Fund with respect to governmental activities.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)

5. Leases

Leases are recognized in accordance with GASB Statement No. 87, Leases. A lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease receivable is recognized at the net present value of the leased asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the City and is reduced by principal payments received. The deferred inflow of resources is recognized in an amount equal to the sum of the lease receivable, net of interest and any payments relating to a future period which were received prior to the lease commencement. These deferred inflow of resources are amortized equal to the amount of the annual payments.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

In the government-wide, and business-type fund financial statements, deferred inflows related to leases and any respective right-to-use assets are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources. Under modified accrual accounting, lease payments are considered capital outlay and proceeds of lease contracts, and thereafter are recorded as principal and interest payments.

The City has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the City will report inflows of cash for lessor leases and outflows of cash for lessee leases.

6. Long-term debt

In the government-wide financial statements, and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while premiums and discounts on debt issuances are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)

7. Pensions

For purposes of measuring the net pension liability, 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 (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS.

8. Postemployment benefits other than pensions

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits is required to be measured and disclosed using the accrual basis of accounting regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 75.

9. Fund balance

In the fund financial statements, the fund balance for governmental funds is reported in a hierarchy of classifications 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.

- Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories, prepaids, deposits and long-term advances.
- 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, 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 passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through passage of an additional resolution.
- 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. Assigned fund balances are designated for specific use by the City Manager, authority granted by the City Council in Financial Policy V – Revenue Constraints and Fund Balance.
- Unassigned fund balance is the residual classification for the General Fund. This classification is also used to report any deficit fund balance amounts in other governmental funds.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position or fund balance (Continued)

The City has adopted the following order of spending regarding fund balance categories within the governmental funds. Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available; the order of spending for remaining unrestricted resources is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Unrestricted fund balance is the sum of committed, assigned and unassigned fund balance in any individual fund. In the General Fund, City policy calls for the maintenance of an unrestricted fund balance of at least twenty percent of fund revenue.

E. Use of estimates

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

F. Budget

In accordance with Oregon budget law, the City budgets all funds, including enterprise funds, using the current financial resources measurement focus and modified accrual basis of accounting.

The budget process begins with appointment of a Budget Officer and Budget Committee. Budget recommendations are developed through late winter. The Budget Committee approves the budget in early spring; public notices are published and public hearings held; and the Council adopts the budget prior to June 30.

Expenditures are appropriated by division, program or category level, as follows:

The General Fund is split into five divisions for purposes of appropriations. The divisions are: Administration, Community Development, Public Safety, Community Services, and Public Works. Each division is further divided into departments which reflect City programs and managerial responsibilities.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budget (Continued)

The Street Operations and the Broadband fund each have one program which is Operations while the General Construction and Street Capital funds each have one program which is Capital. The Water, Sanitary, and Storm Enterprise funds are appropriated by the operations or capital programs.

Expenditures cannot exceed appropriations at these legal levels of control. Management may amend line items in the budget without City Council approval as long as appropriations at the legal level of control are not changed. The City Council can amend the budget at the legal level of control within certain limits specified by statute. The statements and schedules in the Financial Section reflect the original and final budgets. There were two supplemental budgets approved by the Council during the year.

All appropriations lapse at fiscal year-end.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

1. Pooled Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Governmental activities and business-type activities portions of this pool are displayed on the government-wide Statement of Net Position as "Cash and Investments". Oregon Revised Statutes (ORS) authorize the City to invest in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among others. In addition, the City's investments are governed by a written investment policy, which is approved by the Oregon Short-Term Fund Board and adopted by the City Council. The policy specifies the City's investment objectives, required diversification, certain limitations, security safekeeping, and reporting requirements.

Cash and investments are compromised of the following at June 30, 2022:

Cash on hand	\$	2,100
Cash with fiscal agent		1,914
Deposits with financial institutions		636,964
Investments		99,888,958
Total cash and investments	\$	<u>100,529,936</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments (Continued)

1. Pooled Deposits and Investments (Continued)

The City participates in an external investment pool (State of Oregon Treasury Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the ORS and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool which belongs to local government participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report. A copy of the State's Annual Comprehensive Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840. The City's investment in the LGIP is stated at cost, which approximates fair value.

2. Deposits with Financial Institutions

The City's deposits with financial institutions are insured up to levels defined by Federal laws, the Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA). Deposits with financial institutions are comprised of time deposits and bank demand deposits totaling \$1,831,270. Of these time deposits and bank demand deposits, \$250,000 was covered by FDIC. For the \$1,581,270 deposits in excess of FDIC insurance, the ORS requires that deposit accounts in excess of the deposit insurance limits are only maintained at financial institutions included on a list of qualified depositories as determined by the Office of the State Treasurer. The City was in compliance with the ORS requirement.

3. Interest Rate Risk

To manage exposure to fair-value losses from increases in interest rates, the City's policy is to set guidelines for portfolio maturities. The greater of three months operating expenditures or at least 25% of the City's investment portfolio must mature within 90 days. Up to 35% of the portfolio may mature in under 1 year and the remainder may mature over one year but should be invested to coincide closely with the expected use of the funds. No investments may mature in over five years.

The City's fair value of investments as of June 30, 2022 are summarized below:

Investment	Fair Value	Less than 3 Months	4-12 Months	Greater than 12 Months
US Treasury	\$ 27,157,979	\$ -	\$12,783,074	\$14,374,905
Federal Agencies	8,886,384	-	2,946,707	5,939,677
State of Oregon Local Government Investment Pool	63,844,595	63,844,595	-	-
Total Investments	<u>\$ 99,888,958</u>	<u>\$ 63,844,595</u>	<u>\$ 15,729,781</u>	<u>\$ 20,314,582</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments (Continued)

4. Credit Risk

The City's investment policy limits the type of investments to no more than 10% in corporate bonds, and municipal obligations, 15% in corporate commercial paper, 25% in corporate bonds, and 50% in bank time deposits/savings accounts, and certificates of deposit. There are no portfolio limits to United States treasury obligations, and United States government agency securities. As of June 30, 2022, the Oregon Short-Term Fund (LGIP) is limited to \$52,713,000 per Oregon Revised Statute 294.810.

The minimum allowable credit rating criteria the City's investment policy authorizes for issuers of commercial paper is limited to those rated A1/P1 or better by Standard & Poor's (S&P) and Moody's Investors Service. Corporate indebtedness must have a minimum long term debt rating of AA- by S&P or a Aa3 rating by Moody's Investors Service. Municipal obligations must have a minimum long-term rating of AA by S&P or Aa3 by Moody's. The Oregon Short-Term Fund is not rated. As of June 30, 2022, the City's investments in United States, government agency securities were rated AA+ by S&P or not eligible for rating. All investments are in compliance with the City's investment policy.

5. Concentration of Credit Risk

Issuer	Fair Value	Percent of Holdings	Maximum Allowable % Holdings
Federal Agencies	\$ 8,886,384	8.90%	100%
US Treasury	27,157,979	27.19%	100%
Oregon Short-Term Fund (LGIP)	63,844,595	63.92%	*
Total of Investments	<u>\$ 99,888,958</u>	<u>100.00%</u>	

* Maximum allowed per ORS 294.810

6. Fair Value Measurement

The City categorizes its investments in the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect observable inputs including, but not limited to, quoted prices for similar assets in markets that are active, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the assets (such as exchange rates, financing terms, interest rates, yield curves, volatilities, loss severities, credit risk and default rates) or other market-corroborated inputs; and,
- Level 3: Investments reflect prices based upon unobservable sources.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments (Continued)

6. Fair Value Measurement (Continued)

The City reports investments at fair market value. U.S. agency obligations are Level 1 investments. Investments in LGIP are not subject to level designation.

B. Receivables

Receivables as of June 30, 2022, net of allowance for uncollectible amounts, are as follows:

	Governmental Funds	Proprietary Funds	Total
Receivables:			
Property taxes	\$ 159,465	\$ -	\$ 159,465
Court Fines	2,095,172	-	2,095,172
State Revenue	414,758	-	414,758
Misc IG	-	109,917	109,917
4th Qtr Franchise Fees	302,350	-	302,350
Building Rent	91,773	187	91,960
Metro Q4 Comm Enhance Grant	18,379	-	18,379
Metro Contractors Bus Lic Prog	9,211	-	9,211
Miscellaneous	22,358	-	22,358
Music on the Green	22,382	-	22,382
Utility Bills	55,603	1,186,484	1,242,087
Utility Bills for CWS	-	276,963	276,963
Broadband Utility Bills	-	33,799	33,799
Broadband	-	39,037	39,037
Gross Receivables	<u>3,191,450</u>	<u>1,646,387</u>	<u>4,837,837</u>
Less: allowance for uncollectable			
Court	(1,718,348)	-	(1,576,923)
Broadband	-	(8,677)	(1,576,923)
Utility Bills	<u>(3,528)</u>	<u>(89,842)</u>	<u>(85,469)</u>
Net Receivables	<u><u>\$ 1,469,575</u></u>	<u><u>\$ 1,547,867</u></u>	<u><u>\$ 3,017,442</u></u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 09/30/2008, the city entered into a 180 month lease as lessor for the use of Snyder Park - AT&T. An initial lease receivable was recorded in the amount of \$273,769. The lessee is required to make monthly fixed payments of \$1,281. The lease has an interest rate of 1.9910%. The Land has no definitive useful life as of the contract commencement. The lessee has 2 extension option(s), each for 60 months.

On 11/01/2017, the city entered into a 60 month lease as lessor for the use of City Hall Rental Unit. An initial lease receivable was recorded in the amount of \$19,626. The lessee is required to make monthly fixed payments of \$1,936. The lease has an interest rate of 1.0590%. The buildings estimated useful life was 587 months as of the contract commencement. The lessee has 1 extension option(s), for 36 months.

On 08/15/2017, the city entered into a 41 month lease as lessor for the use of Art Center Rental Unit. An initial lease receivable was recorded in the amount of \$227,637. The lessee is required to make monthly fixed payments of \$5,487. The lease has an interest rate of 0.7270%. The buildings estimated useful life was 691 months as of the contract commencement. The lessee has 1 extension option(s), for 24 months.

On 08/21/2014, the city entered into a 217 month lease as lessor for the use of Stella Olsen - Verizon. An initial lease receivable was recorded in the amount of \$294,690. The lessee is required to make monthly fixed payments of \$1,138. The lease has an interest rate of 2.2300%. The Land has no definitive useful life as of the contract commencement. The lessee has 3 extension option(s), each for 60 months.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable (Continued)

On 06/29/2015, the city entered into a 228 month lease as lessor for the use of Stella Olsen - T-Mobile. An initial lease receivable was recorded in the amount of \$95,524. The lessee is required to make monthly fixed payments of \$380. The lease has an interest rate of 2.0810%. The Land has no definitive useful life as of the contract commencement. The lessee has 3 extension option(s), each for 60 months.

On 01/28/2013, the city entered into a 121 month lease as lessor for the use of Stella Olsen - Monarch Towers. An initial lease receivable was recorded in the amount of \$158,756. The lessee is required to make annual fixed payments of \$14,956. The lease has an interest rate of 1.6040%. The Land has no definitive useful life as of the contract commencement. The lessee has 1 extension option(s), for 60 months.

On 04/22/2021, the city entered into a 144 month lease as lessor for the use of Snyder Park - Vertical Bridge Holdings. An initial lease receivable was recorded in the amount of \$198,728. The lessee is required to make annual fixed payments of \$16,984. The lease has an interest rate of 1.6640%. The Land has no definitive useful life as of the contract commencement. The lessee has 2 extension option(s), each for 60 months.

On 06/02/2022, the city entered into a 27 month lease as lessor for the use of 20159 SW Roy Rogers Road. An initial lease receivable was recorded in the amount of \$20,461. The lessee is required to make monthly fixed payments of \$750. The lease has an interest rate of 2.3310%. The buildings estimated useful life was 228 months as of the contract commencement. The lessee has 1 extension option(s), for 12 months.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable (Continued)

Leases receivable activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Land				
Snyder Park - AT&T	\$ 273,769	\$ -	\$ (10,981)	\$ 262,788
Stella Olsen - Verizon	294,690	-	(8,111)	286,579
Stella Olsen - Monarch Towers	158,756	-	(14,553)	144,203
Total land lease receivable	<u>727,215</u>	<u>-</u>	<u>(33,645)</u>	<u>693,570</u>
Buildings				
City Hall Rental Unit	19,626	-	(21,646)	(2,020)
Art Center Rental Unit	227,637	-	(64,548)	163,089
20159 SW Roy Rogers Road	-	20,461	(750)	19,711
Total buildings lease receivable	<u>247,263</u>	<u>20,461</u>	<u>(86,944)</u>	<u>180,780</u>
Infrastructure				
Stella Olsen - T-Mobile	95,524	-	(2,761)	92,763
Snyder Park - Vertical Bridge Holdings	198,728	-	(16,157)	182,571
Total infrastructure lease receivable	<u>294,252</u>	<u>-</u>	<u>(18,917)</u>	<u>275,335</u>
Total lease receivable	<u>\$ 1,268,730</u>	<u>\$ 20,461</u>	<u>\$ (139,506)</u>	<u>\$ 1,149,684</u>

Future maturities are as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	\$ 123,346	\$ 20,007	\$ 143,353
2024	127,567	18,393	145,960
2025	91,453	16,803	108,256
2026	59,468	15,658	75,127
2027	63,237	14,528	77,765
2028 - 2032	350,194	53,274	403,469
2033 - 2037	256,386	21,202	277,589
2038 - 2042	78,033	2,158	80,191
Total	<u>\$ 1,149,684</u>	<u>\$ 162,024</u>	<u>\$ 1,311,709</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets

Capital assets for governmental activities for the year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 12,526,468	\$ 620,235	\$ -	\$ -	\$ 13,146,703
Intangibles (easements)	7,149,745	62,082	-	-	7,211,827
Construction work in progress	4,542,809	2,181,959	-	(1,996,604)	4,728,164
Total capital assets not being depreciated	<u>24,219,022</u>	<u>2,864,276</u>	<u>-</u>	<u>(1,996,604)</u>	<u>25,086,695</u>
Capital assets being depreciated:					
Infrastructure	78,927,940	2,845,313	(325,638)	1,878,740	83,326,355
Buildings and improvements	48,557,453	249,933	-	117,864	48,925,249
Machinery and equipment	2,033,279	362,328	(113,967)	-	2,281,640
Licensed vehicles	2,289,129	459,750	(99,007)	-	2,649,873
Total capital assets being depreciated	<u>131,807,801</u>	<u>3,917,324</u>	<u>(538,612)</u>	<u>1,996,604</u>	<u>137,183,116</u>
Less accumulated depreciation:					
Infrastructure	57,095,689	2,479,688	(325,638)	-	59,249,739
Buildings and improvements	25,675,626	1,904,248	-	-	27,579,873
Machinery and equipment	1,542,649	159,599	(113,862)	-	1,588,387
Licensed vehicles	1,394,267	215,276	(99,007)	-	1,510,536
Total accumulated depreciation	<u>85,708,231</u>	<u>4,758,811</u>	<u>(538,505)</u>	<u>-</u>	<u>89,928,536</u>
Total capital assets being depreciated, net	46,099,570	(841,487)	(108)	1,996,604	47,254,580
Governmental activities capital assets, net	<u>\$ 70,318,592</u>	<u>\$ 2,022,789</u>	<u>\$ (108)</u>	<u>\$ -</u>	<u>\$ 72,341,275</u>
Governmental activities:					
Administration		\$ 80,165			
Public safety		29,553			
Community services		341,845			
Public works		<u>4,307,248</u>			
Total depreciation expense - governmental activities		<u>\$ 4,758,811</u>			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (Continued)

Capital assets for business-type activities for the year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Business-Type activities					
Capital assets not being depreciated:					
Land	\$ 224,945	\$ -	\$ -	\$ -	\$ 224,945
Intangibles (easements)	3,840,147	2,931,866	-	-	6,772,013
Construction work in progress	3,859,338	6,236,858	-	(4,555,100)	5,541,096
Total capital assets not being depreciated	<u>7,924,430</u>	<u>9,168,724</u>	<u>-</u>	<u>(4,555,100)</u>	<u>12,538,054</u>
Capital assets being depreciated:					
Infrastructure	103,359,379	5,468,969	(14,494)	4,555,100	113,368,955
Buildings and improvements	23,602	-	-	-	23,602
Machinery and equipment	2,174,904	21,768	-	-	2,196,672
Licensed vehicles	577,229	-	-	-	577,229
Total capital assets being depreciated	<u>106,135,115</u>	<u>5,490,738</u>	<u>(14,494)</u>	<u>4,555,100</u>	<u>116,166,459</u>
Less accumulated depreciation:					
Infrastructure	17,139,555	1,285,177	-	-	18,424,732
Buildings and improvements	5,834	453	-	-	6,287
Machinery and equipment	1,551,571	57,604	(14,494)	-	1,594,681
Licensed vehicles	519,256	13,417	-	-	532,673
Total accumulated depreciation	<u>19,216,215</u>	<u>1,356,651</u>	<u>(14,494)</u>	<u>-</u>	<u>20,558,372</u>
Total capital assets being depreciated, net	86,918,900	4,134,087	-	4,555,100	95,608,085
Business-Type activities capital assets, net	<u>\$94,843,330</u>	<u>\$ 13,302,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,146,139</u>
Business-Type activities:					
Water		\$ 737,448			
Sanitary		162,965			
Storm		293,745			
Broadband		<u>162,493</u>			
Total depreciation expense - business-type activities		<u>\$ 1,356,651</u>			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases payable

In prior years the city entered into lease agreements as lessee for financing the acquisition of office equipment valued at \$342,873. The equipment has between 4 and 5 year estimated useful lives. This year, \$64,642 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
2023	\$ 1,760	\$ 55,000
2024	-	55,000
Total minimum lease payments	1,760	110,000
Less: amount representing interest	(90)	(8,145)
Present value of minimum lease payments	<u>\$ 1,670</u>	<u>\$ 101,855</u>

F. Accounts payable and other current liabilities

Accounts payable and other current liabilities as of June 30, 2022, are as follows:

	<u>Governmental Activities</u>	<u>Proprietary Activities</u>	<u>Total</u>
Vendor accounts payable	\$ 1,376,603	\$ 2,282,716	\$ 3,659,319
Customer deposits	118,995	47,328	166,323
Clean Water Services fees	-	137,053	137,053
Other current liabilities	100,180	82,502	182,682
Total accounts payable and other current liabilities	<u>\$ 1,595,778</u>	<u>\$ 2,549,600</u>	<u>\$ 4,145,378</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities

1. Long-term debt and other debt

Governmental Activities

Direct Borrowings and Placements

Downtown Cannery and Street Projects: In fiscal year 2010-11, the City entered into a financing agreement in the amount of \$7,065,000 at 4.65 percent interest rate. The loan is for urban renewal projects within the Urban Renewal Agency (URA) boundaries which the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. As of June 30, 2022, the balance outstanding on the bank loan was \$3,625,000. Future principal and interest payments on the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 385,000	\$ 168,563	\$ 553,563
2024	400,000	150,660	550,660
2025	420,000	132,060	552,060
2026	440,000	112,530	552,530
2027	460,000	92,070	552,070
2028-2030	1,520,000	143,453	1,663,453
	<u>\$ 3,625,000</u>	<u>\$ 799,336</u>	<u>\$ 4,424,336</u>

Other Debt

Civic Building and Street Refunding Bonds: In fiscal year 2012-13, the City issued \$5,245,000 of Full Faith and Credit Refunding Obligations. The bonds issued were to refinance existing debt to construct a civic building and improve city streets. The loan is for urban renewal projects within the City URA which the agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity, with the exception of acceleration. Interest rates on the bonds range between 2.15 percent and 3.0 percent. At June 30, 2022, the outstanding balance on the bonds were \$760,000 and the balance of the unamortized premium was \$62,382. Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 375,000	\$ 13,806	\$ 388,806
2024	385,000	4,091	389,091
	760,000	\$ 17,897	\$ 777,897
Premium	62,382		
	<u>\$ 822,382</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Governmental Activities (continued)

Other Debt (continued)

2021 Series A (Federally Taxable): In fiscal year 2021-2022, the City issued \$18,930,000 of Full Faith and Credit Obligations. Of this amount, \$3,975,300 has been allocated to the Agency. The loan is for urban renewal projects within the City Urban Renewal Agency (URA) boundaries which the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. Interest rates on the bonds are 2.716%. As of June 30, 2022 the balance outstanding on the bonds were \$3,975,300. Future principal and interest payments on the bond are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ 85,888	\$ 85,888
2024	-	85,888	85,888
2025	-	85,888	85,888
2026	-	85,888	85,888
2027	240,450	85,888	326,338
2028-2032	1,256,850	374,470	1,631,320
2033-2037	1,382,850	249,451	1,632,301
2038-2041	1,095,150	69,727	1,164,877
	<u>\$ 3,975,300</u>	<u>\$ 1,123,088</u>	<u>\$ 5,098,388</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Governmental Activities (continued)

Other Debt (continued)

2021 Series B (Tax Exempt): In fiscal year 2021-2022, the City issued \$19,640,000 of Full Faith and Credit Obligations. The loan is for urban renewal projects within the URA which the Agency pledges the tax increment revenues to pay the financing payments or debt service. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. Interest rates on the bonds are 4.0 percent. At June 30, 2022, the outstanding balance on the bonds were \$19,640,000 and the balance of the unamortized premium was \$3,859,791. Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ 785,600	\$ 785,600
2024	-	785,600	785,600
2025	-	785,600	785,600
2026	-	785,600	785,600
2027	-	785,600	785,600
2028-2032	-	3,928,000	3,928,000
2033-2037	-	3,928,000	3,928,000
2038-2041	670,000	3,914,600	4,584,600
2042-2046	8,560,000	2,493,600	11,053,600
2046-2051	10,410,000	1,152,200	11,562,200
	<u>19,640,000</u>	<u>\$ 19,344,400</u>	<u>\$ 38,984,400</u>
Premium	<u>3,859,791</u>		
	<u>\$ 23,499,791</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Business-Type Activities

Direct Borrowings and Placements

Refinancing Bonds: In fiscal year 2016-17, the city issued \$9,189,000 of Full Faith and Credit Obligations. The bonds issued were to refinance two State of Oregon loans for interest rate savings. The original bonds were issued to increase and improve the City water supply system. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity, with the exception of acceleration. Interest rates on the bonds are set at 2.29 percent. At June 30, 2022, the outstanding balance on the bonds were \$6,022,000. Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 651,000	\$ 130,449	\$ 781,449
2024	666,000	115,370	781,370
2025	681,000	99,947	780,947
2026	697,000	84,169	781,169
2027	713,000	68,024	781,024
2028-2031	2,614,000	107,814	2,721,814
	<u>\$ 6,022,000</u>	<u>\$ 605,774</u>	<u>\$ 6,627,774</u>

Sherwood Broadband Expansion Loan: In fiscal year 2019-20, the city issued \$2,000,000 of Full Faith and Credit Obligations. The bonds issued were to finance the expansion of the Sherwood Broadband infrastructure. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law with the exception of acceleration. Interest rates on the bonds are 2.51%. At June 30, 2022, the outstanding balance on the bonds was \$1,639,711. Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 118,791	\$ 41,157	\$ 159,948
2024	121,772	38,175	159,947
2025	124,829	35,119	159,948
2026	127,962	31,985	159,947
2027	131,174	28,774	159,948
2028-2032	706,941	92,797	799,738
2033-2034	308,242	11,653	319,895
	<u>\$ 1,639,711</u>	<u>\$ 279,659</u>	<u>\$ 1,919,370</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Business-Type Activities (continued)

Other Debt

Refinancing Bonds: In fiscal year 2021, the city issued \$8,895,000 of Full Faith and Credit Obligations. The bonds issued were to refinance an existing \$14,165,000 bond to increase capacity in the water supply system and to initiate a line of credit for continued water system expansion. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity, with the exception of acceleration. Interest rates on the bonds are 4.0 percent. At June 30, 2022, the outstanding balance on the bonds were \$8,340,000 and the balance of the unamortized premium was \$1,595,169. Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 460,000	\$ 333,600	\$ 793,600
2024	480,000	315,200	795,200
2025	495,000	296,000	791,000
2026	480,000	276,200	756,200
2027	535,000	257,000	792,000
2028-2032	3,010,000	947,000	3,957,000
2033-2036	2,880,000	294,000	3,174,000
	<u>8,340,000</u>	<u>\$ 2,719,000</u>	<u>\$ 11,059,000</u>
Premium	1,595,169		
	<u>\$ 9,935,169</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Business-Type Activities (continued)

Other Debt (continued)

2021 Series A (Federally Taxable): In fiscal year 2021-2022, the City issued \$18,930,000 of Full Faith and Credit Obligations. Of this amount, \$14,954,700 has been allocated to the City. The loan is for Sherwood Broadband bringing fiber to the home. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. Interest rates on the bonds are 2.716%. As of June 30, 2022 the balance outstanding on the bonds were \$14,954,700. Future principal and interest payments on the bond are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ 323,103	\$ 323,103
2024	-	323,103	323,103
2025	-	323,103	323,103
2026	-	323,103	323,103
2027	904,550	323,103	1,227,653
2028-2032	4,728,150	1,408,720	6,136,870
2033-2037	5,202,150	938,409	6,140,559
2038-2041	4,119,850	262,305	4,382,155
	<u>\$ 14,954,700</u>	<u>\$ 4,224,949</u>	<u>\$ 19,179,649</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Business-Type Activities (continued)

Other Debt (continued)

In fiscal year 2021-2022, the City issued \$9,540,000 of Full Faith and Credit Obligations. The loan is improvements to the city's water system, including the city's portion of the Willamette River Water Treatment Plant Expansion and Water Distribution Improvements. The outstanding loan carries an Event of Default clause which allows the lender to exercise any remedy available at law or in equity with the exception of acceleration. Interest rates on the bonds are 3.43%. As of June 30, 2022 the balance outstanding on the bonds were \$9,540,000 and the balance of the unamortized premium was \$457,403. Future principal and interest payments on the bond are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 295,000	\$ 389,458	\$ 684,458
2024	340,000	344,050	684,050
2025	355,000	330,450	685,450
2026	370,000	316,250	686,250
2027	385,000	301,450	686,450
2028-2032	2,165,000	1,264,050	3,429,050
2033-2037	2,575,000	847,250	3,422,250
2038-2042	3,055,000	376,200	3,431,200
	<u>9,540,000</u>	<u>\$ 4,169,158</u>	<u>\$ 13,709,158</u>
Premium	<u>457,403</u>		
	<u>\$ 9,997,403</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term liabilities (Continued)

1. Long-term debt and other debt (continued)

Long-term debt activity, including compensated absences, for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2022</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Direct borrowings and placements					
Bank loan	\$ 3,995,000	\$ -	\$ 370,000	\$ 3,625,000	\$ 385,000
Total direct borrowings and placements	3,995,000	-	370,000	3,625,000	385,000
Other debt					
Bonds payable	-	3,975,300	-	3,975,300	-
Bonds payable	-	19,640,000	-	19,640,000	-
Bonds payable	1,165,000	-	405,000	760,000	375,000
Total other debt	1,165,000	23,615,300	405,000	24,375,300	375,000
Total governmental debt	5,160,000	23,615,300	775,000	28,000,300	760,000
Premium on bonds	93,574	3,992,887	164,288	3,922,173	164,288
Other long-term liabilities					
Capital Leases	6,956	-	5,286	1,670	1,670
Compensated absences	853,080	-	29,308	823,772	351,905
Total other long-term liabilities	860,036	-	34,594	825,442	353,575
Governmental Activities	\$ 6,113,610	\$27,608,187	\$ 973,882	\$ 32,747,916	\$ 1,277,863
Business-type activities					
Direct borrowings and placements					
Full Faith and Credit Bonds Payable	\$ 8,785,000	\$ -	\$ 445,000	\$ 8,340,000	\$ 460,000
Full Faith and Credit Bonds Payable	-	9,540,000	-	9,540,000	295,000
Full Faith and Credit Bonds Payable	6,658,000	-	636,000	6,022,000	651,000
Full Faith and Credit Bonds Payable	-	14,954,700	-	14,954,700	-
Full Faith and Credit Bonds Payable	1,755,593	-	115,882	1,639,711	118,791
Total business-type debt	17,198,593	24,494,700	1,196,882	40,496,411	1,524,791
Premium on bonds	1,717,874	457,403	122,705	2,052,572	145,575
Other long-term liabilities					
Capital Leases	148,981	-	47,126	101,855	49,617
Compensated absences	154,909	7,125	-	162,034	64,813
Total other long-term liabilities	303,890	7,125	47,126	263,889	114,430
Business-type activities	\$ 19,220,358	\$24,959,228	\$ 1,366,713	\$ 42,812,872	\$ 1,784,796

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

II. DETAILED NOTES ON ALL FUNDS (Continued)

H. Transfers

Transfers were used to move funds from the Street Capital Fund to the General Construction Fund to finance trail and parks improvements, from the Street Operations Fund to the Street Capital Fund to finance capital street improvements, from the Grants Fund to the General Fund to compensate for services provided.

Transfers Out:		Transfers In:			Total
Fund		General Fund	Street Capital Fund	Other Nonmajor Funds	
1 Street Operations Fund	\$	-	\$ 750,000	\$ -	\$ 750,000
2 Street Capital Fund		-	-	76,322	76,322
3 Grant Fund		4,117	-	-	4,117
Total	\$	4,117	\$ 750,000	\$ 76,322	\$ 830,439

Purpose:

- 1 To fund capital project construction
- 2 To fund Cedar Creek Trail projects
- 3 To offset administrative costs to administer CEP grant

III. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters. The City purchases liability, property, and auto insurance from City/County Insurance Services (CIS) to minimize its financial exposure to these risks. In addition, the City purchases workers compensation insurance from SAIF. Settled claims have not exceeded any coverage for any of the past three years and there are no current claims that would exceed coverage limits.

B. Pension plan

1. Plan Description

Substantially all City employees are members in the Oregon Public Employees Retirement System (PERS); 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). PERS produces an independently audited ACFR which can be found at:
<http://www.oregon.gov/pers/pages/financials/actuarial-financial-information.aspx>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

2. Benefits Provided

A. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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 percent for police and fire employees, 1.67 percent 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 minimum retirement age for a service retirement allowance if he or she has had a 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 (including PERS judge members) for disability benefits 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 SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (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 fair 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 for creditable service earned before October 2013 is 2.00%. The COLA for creditable service earned after October 2013 is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

B. OPSRP Pension Program (OPSRP DB)

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.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

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 for creditable service earned before October 2013 is 2.00%. The COLA for creditable service earned after October 2013 is calculated as 1.25% on the first \$60,000 of annual benefit and 0.15% on amounts above \$60,000 of annual benefit.

C. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

3. 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 during 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. Employer contributions for the year ended June 30, 2022 were \$2,218,466, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2022 were 26.49 percent for Tier One/Tier Two General Service Member and Police and Fire, 20.53 percent for OPSRP Pension Program General Service Members, and 24.89 percent for OPSRP Pension Program Police and Fire Members.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

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 \$566,551 of the union represented employees' contribution.

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

At June 30, 2022, the City reported a liability of \$10,460,906 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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 entities, actuarially determined. As of the measurement date of June 30, 2021, the City's proportion was 0.0874 percent, which is an increase from its proportion of 0.0788 percent measured as of June 30, 2020.

The Oregon Supreme Court (Court) ruled on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. This change in benefit items was reflected in the current valuation.

On June 11, 2019, Senate Bill (SB) 1049 was enacted by the Senate of the State of Oregon. The elements of the bill include a variety of policy and program changes which will affect the City's pension plan. Most prominent is a one-time 22-year re-amortization of the unamortized actuarial liability for Tier 1 and Tier 2 employees and contribution rate adjustments. The effect of SB 1049 could reduce the City's pension contribution rates by an undetermined amount. In August 2019, a petition was filed with the Oregon Supreme Court challenging the constitutionality of certain portions of SB 1049. In August 2020, the Oregon Supreme Court upheld SB 1049 including two reductions to employee pension benefits.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

4. 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, 2022, the City's recognized pension expense of \$1,686,406. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 979,209	\$ -
Changes in assumptions	2,618,680	27,531
Net difference between projected and actual earnings on investments	-	7,744,128
Changes in proportionate share	1,424,755	531,385
Differences between employer contributions and employer's proportionate share of system contributions	128,274	118,994
Total (prior to post-measurement date contributions)	5,150,918	8,422,038
City contributions subsequent to the measurement date	2,218,466	-
Total	<u>\$ 7,369,384</u>	<u>\$ 8,422,038</u>

\$2,218,466 was reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2023	\$	(510,073)
2024		(557,577)
2025		(937,526)
2026		(1,620,495)
2027		354,552
	<u>\$</u>	<u>(3,271,119)</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

5. Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study	2018, published July 24, 2019
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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.40%
Expected investment Rate of Return	6.90%
Discount Rate	6.90%
Projected Salary Increases	3.40%
Cost of Living Adjustment	Blend of 2.0% COLA and graded COLA (1.25%/0.15%) in accordance with the <i>Moro</i> decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: 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. Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation

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 SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

6. Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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 is 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.

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
HedgeFund of Funds- Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	(2.50)	1.76
Total	100.00 %	
Assumed Inflation – Mean		2.40 %

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

7. Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent 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 of the 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.

8. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
City's proportionate share of the net pension liability (asset)	\$ 20,542,718	\$ 10,460,906	\$ 2,026,089

9. Pension Plan Fiduciary Net Position

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

C. Postemployment Benefits Other than Pensions

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

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

1. 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 Reported</u>
Net OPEB asset	<u>\$ -</u>	<u>\$ 222,739</u>	<u>\$ 222,739</u>
Deferred outflows of resources:			
Contributions after the measurement date	\$ 6,141	\$ 1,707	\$ 7,848
Difference in experience	40,173	4,383	44,556
Change in assumptions	17,160	12,807	29,967
Total deferred outflows of resources	<u>\$ 63,474</u>	<u>\$ 18,897</u>	<u>\$ 82,371</u>
 Total OPEB Liability	 <u>\$ (748,508)</u>	 <u>\$ -</u>	 <u>\$ (748,508)</u>
Deferred inflows of resources:			
Change in proportionate share	\$ -	\$ (27,431)	\$ (27,431)
Difference in experience	-	(6,197)	(6,197)
Change in assumptions	(57,434)	(3,314)	(60,748)
Net investment differences	-	(52,934)	(52,934)
Total deferred inflows of resources	<u>\$ (57,434)</u>	<u>\$ (89,876)</u>	<u>\$ (147,310)</u>
OPEB expense (benefit)	<u>\$ 72,592</u>	<u>\$ (38,760)</u>	<u>\$ 33,832</u>
(Included in program expenses on Statement of Activities)			

2. Net OPEB Asset, Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's net OPEB asset of \$222,739 and total OPEB liability of \$748,508 were measured as of June 30, 2021.

For the fiscal year ended June 30, 2022, the City recognized a net OPEB expense from these plans of \$33,832. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to these OPEB plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in experience	\$ 44,556	\$ 6,197
Change in assumptions	29,967	60,748
Change in proportionate share	-	27,431
Net investment differences	-	52,934
	<u>74,523</u>	<u>147,310</u>
Contributions subsequent to measurement date	<u>7,848</u>	<u>-</u>
Total	<u>\$ 82,371</u>	<u>\$ 147,310</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

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

Deferred outflows of resources related to OPEB of \$7,848 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liabilities in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2023	\$	(23,896)
2024		(23,924)
2025		(14,055)
2026		(18,691)
2027		(360)
Thereafter		8,139
Total	\$	<u>(72,787)</u>

Implicit Rate Subsidy

1. Plan Description

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

2. Benefits Provided

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

Inactive employees or beneficiaries receiving benefits	1
Active employees	119
	<u>120</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

Implicit Rate Subsidy (continued)

3. Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:

For the fiscal year ended June 30, 2022, the City recognized OPEB expense from this plan of \$72,592. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience	\$ 40,173	\$ -
Change in assumptions	17,160	57,434
Change in proportionate share	-	-
Net investment differences	-	-
	<u>57,333</u>	<u>57,434</u>
Contributions subsequent to measurement date	6,141	-
Total	<u>\$ 63,474</u>	<u>\$ 57,434</u>

Deferred outflows of resources related to OPEB of \$6,141 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ended		
June 30:		
2023	\$	(1,970)
2024		(1,970)
2025		(1,970)
2026		(1,970)
2027		(360)
Thereafter		<u>8,139</u>
Total	\$	<u>(101)</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

Implicit Rate Subsidy (continued)

4. Actuarial Assumptions and Other Inputs

The Implicit Subsidy OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary increases	3.5 percent
Healthy mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependent with a on-year setback for male general service employees and female safety employees.
Discount rate	2.16 percent (change from 2.21 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision: 5.25 percent per year, decreasing to 4.0 percent. Dental: 4.0 percent.

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

5. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2021	\$ 674,469
Change for the year:	
Service cost	58,406
Interest on total OPEB liability	16,156
Effect of assumptions, changes or inputs	3,145
Benefit payments	(3,668)
Balance as of June 30, 2021	<u>\$ 748,508</u>

Changes in assumptions is the result of the change in the discount rate from 2.21 to 2.16.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

Implicit Rate Subsidy (continued)

6. Sensitivity of the Total OPEB Liability

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

Discount Rate	<u>1% Decrease 1.16%</u>	<u>Current Discount Rate 2.16%</u>	<u>1% Increase 3.16%</u>
Total OPEB Liability	\$ 815,594	\$ 748,508	\$ 685,091
Healthcare Cost Trend	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 650,543	\$ 748,508	\$ 864,585

PERS Retirement Health Insurance Account

1. 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>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

PERS Retirement Health Insurance Account (Continued)

2. 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.

3. 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, 2021. The City's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2022 contributions was \$1,707.

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

At June 30, 2022, the City reported an asset of \$222,739 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset 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, 2022, the City's proportionate share was 0.0649 %, which is an increase from its proportion of 0.0425% as of June 30, 2021.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

PERS Retirement Health Insurance Account (Continued)

4. OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the year ended June 30, 2022, the City recognized OPEB benefit from this plan of \$38,760. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience	\$ 4,383	\$ 6,197
Change in assumptions	12,807	3,314
Change in proportionate share	-	27,431
Net investment differences	-	52,934
	<u>17,190</u>	<u>89,876</u>
Contributions subsequent to measurement date	1,707	-
Total	<u>\$ 18,897</u>	<u>\$ 89,876</u>

Deferred outflows of resources related to OPEB of \$1,707 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	\$ (21,926)
2024	(21,954)
2025	(12,085)
2026	<u>(16,721)</u>
Total	<u>\$ (72,686)</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

5. Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2019 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 basis over a closed 10 year period
Asset valuation method	Fair value of assets
Inflation	2.40 percent
Investment rate of return	6.90 percent
Salary increases	3.40 percent
Mortality	Healthy retirees and beneficiaries: 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 Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation

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 SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

6. Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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.

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Global Equity	30.62 %	5.85 %
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
HedgeFund of Funds- Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	(2.50)	1.76
Total	100.00 %	
Assumed Inflation – Mean		2.40 %

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

7. Discount Rate

The discount rate used to measure the total OPEB liability was 6.9% for the RHIA 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 RHIA 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 RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

8. Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease 5.90%	Current Discount 6.90%	1% Increase 7.90%
Discount Rate			
Total OPEB Liability (Asset)	\$ (196,980)	\$ (222,739)	\$ (244,743)

9. OPEB Plan Fiduciary Net Position

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

D. Investment in Joint Ventures

The City has ownership positions in two joint ventures with surrounding governmental organizations. The first is the Willamette Intake Facility (WIF), for treatment and distribution of water. The second is the Willamette River Water Coalition (WRWC), to coordinate water rights on the Willamette River.

The WIF is a joint venture of the City and the Tualatin Valley Water District and the cities of Wilsonville, Tigard, Hillsboro and Beaverton. The financial statements may be obtained from Tualatin Valley Water District, Finance Department, 1850 SW 170th Avenue, Beaverton, OR 97003.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

D. Investment in Joint Ventures (Continued)

The WRWC is a joint venture of the City and the Tualatin Valley Water District and the cities of Tigard, and Tualatin. The financial statements may be obtained from Tualatin Valley Water District, Finance Department, 1850 SW 170th Avenue, Beaverton, OR 97003.

1. Willamette Intake Facility Commission

Willamette Intake Facilities Commission (the Commission or WIF) was organized in April 2018 under Oregon Revised Statute (ORS) 190 and was established by an agreement between the cities of Wilsonville, Hillsboro, Tigard, Beaverton, Sherwood, and Tualatin Valley Water District (the District). The Commission is governed by a six-member board, with one representative appointed by each member jurisdiction. The purpose of the Commission is to provide for the ownership, management, and operation of the Willamette intake facilities which are used to withdraw and transmit water to the parties. The Commission is managed by Tualatin Valley Water District.

Expenses are allocated on a unit basis by the Commission. Each joint venturer's apportioned share of the general administration expenses is determined by the following formula: 25% of the administrative costs for the fiscal year is divided evenly among the Commission's membership; the remainder is divided among the Commission membership according to their percentage share of the capacity ownership in the intake facilities.

Operations, maintenance, and repair expenses that are a result of use of the facilities are allocated based on each party's proportionate use of the WIF. Operations, maintenance, and repair expenses unrelated to usage will be allocated based on each party's proportionate ownership of the WIF.

The following percentages were in effect at June 30, 2022:

Tualatin Valley Water District	44.67%
City of Wilsonville	6.40
City of Sherwood	6.44
City of Tigard	11.34
City of Hillsboro	27.37
City of Beaverton	3.78

2. Willamette River Water Coalition

Willamette River Water Coalition (the Coalition) was organized under Oregon Revised Statute (ORS) 190 and was established by an agreement between the cities of Tigard, Tualatin, Sherwood, and Tualatin Valley Water District (the District). The Coalition is governed by a four-member board, with one representative appointed by each member jurisdiction. The purpose of the Coalition is to preserve access to the Willamette River as a potential municipal and industrial water source for each of the growing communities listed above. The Coalition is managed by the District.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2022

III. OTHER INFORMATION (Continued)

D. Investment in Joint Ventures (Continued)

2. Willamette River Water Coalition (Continued)

Operation and maintenance expense is determined on a unit basis by the Coalition. Each joint venture's apportioned share of the general administration expenses is determined by the following formula: one half of the administrative costs for the fiscal year is divided evenly among the Coalition's membership, the second half of the total administrative cost of the fiscal year is divided among the Coalition membership according to their percentage share of the total number of water meters served by the members of the Coalition as of January 1 of the preceding fiscal year. The following percentages were in effect at June 30, 2022:

City of Tigard	23.29%
City of Sherwood	15.71
City of Tualatin	16.29
Tualatin Valley Water District	44.71

The City's investment in joint ventures is summarized as follows:

	<u>Willamette Intake Facility Commission</u>	<u>Willamette River Water Coalition</u>	<u>Total</u>
Investment in joint ventures at June 30, 2021	\$ 1,040,612	\$ 6,144	\$ 1,046,756
Contributions	243,464	-	243,464
Income (loss) for the year	<u>(18,746)</u>	<u>(1,762)</u>	<u>(20,508)</u>
Investment in joint ventures at June 30, 2022	<u>\$ 1,265,330</u>	<u>\$ 4,382</u>	<u>\$ 1,269,712</u>

IV. JOINTLY GOVERNED ORGANIZATIONS

The City has one leadership position in the jointly governed organization Washington County Consolidated Communications Agency (WCCCA) which provides 9-1-1 service and public safety communications for police, fire, and emergency medical service for the participating jurisdictions and for other governments under contract. Financial statements can be obtained from WCCCA at <http://www.wccca.com/departments/administration/finance/>.

WCCCA was formed in 1985, under the authority of Oregon Revised Statutes (ORS) 190 by the execution of an Intergovernmental Agreement originally between Washington County and the cities of Beaverton, Cornelius, Hillsboro, North Plains, and Washington County Rural Fire Protection Districts Nos. 1 (now Tualatin Valley Fire and Rescue, TVF&R), and 2. WCCCA subsequently entered into intergovernmental agreements with the cities of Banks, Durham, Forest Grove, King City, Sherwood, Tigard, Gaston, and Tualatin. Subsequent Fire Districts joining the agency are Banks, Cornelius, Forest Grove, and Gaston.

Payments for goods and services during the year ended June 30, 2022 was \$231,840.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

V. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and legal matters relating to its operations which the City does not believe have a material impact on its June 30, 2022 financial statements.

The City has no significant outstanding commitments at June 30, 2022 related to construction contracts.

VI. SUBSEQUENT EVENT

On September 26, 2022, the Agency purchased a piece of land for \$1,125,000 which will be used to assist in building Ice Age Drive in the Tonquin Employment Area (TEA).

On February 2, 2023, the Agency purchased a piece of land for \$1,515,000 which will be used to assist in building Ice Age Drive in the TEA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERWOOD

Sherwood, Oregon

GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 6,971,527	\$ 6,971,527	\$ 6,813,554	\$ (157,973)
Franchises and fees	2,061,000	2,061,000	2,161,853	100,853
Intergovernmental	1,953,228	2,138,304	2,028,454	(109,850)
Charges for services	2,683,744	2,683,744	3,116,497	432,753
Fines and forfeitures	2,153,250	2,153,250	2,089,239	(64,011)
Interest	68,000	68,000	47,167	(20,833)
Miscellaneous	88,950	88,950	69,778	(19,172)
TOTAL REVENUES	15,979,699	16,164,775	16,326,542	161,767
EXPENDITURES:				
Administration	3,322,301	3,341,647	2,984,775	356,872
Community development	2,549,641	3,285,841	2,979,824	306,017
Public safety	5,402,118	5,402,118	4,994,852	407,266
Community services	2,826,843	3,011,919	2,567,079	444,840
Public works	3,175,165	3,385,644	2,484,370	901,274
Contingency	798,985	222,400	-	222,400
TOTAL EXPENDITURES	18,075,053	18,649,569	16,010,900	2,638,669
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,095,354)	(2,484,794)	315,642	2,800,436
OTHER FINANCING SOURCES:				
Transfers in	4,117	4,117	4,117	-
Sale of capital assets	-	-	10,725	10,725
TOTAL OTHER FINANCING SOURCES	4,117	4,117	14,842	10,725
NET CHANGE IN FUND BALANCE	(2,091,237)	(2,480,677)	330,484	2,811,161
FUND BALANCE - beginning of year	6,580,078	7,173,050	7,173,050	-
FUND BALANCE - end of year	\$ 4,488,841	\$ 4,692,373	\$ 7,503,534	\$ 2,811,161
NET CHANGE IN FUND BALANCE			\$ 330,484	
Unrealized gain (loss) on investments			(71,473)	
CHANGE IN FUND BALANCE - GAAP BASIS			\$ 259,011	

CITY OF SHERWOOD
Sherwood, Oregon

STREET OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Intergovernmental	\$ 1,903,078	\$ 1,903,078	\$ 2,035,025	\$ 131,947
Charges for services	697,581	697,581	686,427	(11,154)
Infrastructure development fees	-	-	738,723	738,723
Fines, interest and other	28,000	28,000	22,458	(5,542)
Miscellaneous	-	-	1,595	1,595
TOTAL REVENUES	<u>2,628,659</u>	<u>2,628,659</u>	<u>3,484,228</u>	<u>855,569</u>
EXPENDITURES:				
Personnel services	557,148	557,148	509,767	47,381 *
Materials and services	1,432,258	1,432,258	1,010,125	422,133 *
Capital outlay	-	-	5,678	(5,678) *
Contingency	131,433	131,433	-	131,433
TOTAL EXPENDITURES	<u>2,120,839</u>	<u>2,120,839</u>	<u>1,525,570</u>	<u>595,269</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>507,820</u>	<u>507,820</u>	<u>1,958,658</u>	<u>1,450,838</u>
OTHER FINANCING (USES):				
Transfers out	-	(750,000)	(750,000)	-
NET CHANGE IN FUND BALANCE	<u>507,820</u>	<u>(242,180)</u>	<u>1,208,658</u>	<u>1,450,838</u>
FUND BALANCE - beginning of year	<u>2,561,404</u>	<u>2,586,771</u>	<u>2,586,771</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 3,069,224</u>	<u>\$ 2,344,591</u>	<u>\$ 3,795,429</u>	<u>\$ 1,450,838</u>

* Expenditures in this fund are appropriated at the level of "Street Operations" meaning that personnel services, materials and services, and capital outlay are combined to determine budget compliance.

NET CHANGE IN FUND BALANCE	\$ 1,208,658
Unrealized gain (loss) on investments	<u>(35,409)</u>
CHANGE IN FUND BALANCE - GAAP BASIS	<u>\$ 1,173,249</u>

CITY OF SHERWOOD

Sherwood, Oregon

URBAN RENEWAL OPERATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Property taxes	\$ 2,631,100	\$2,631,100	\$ 3,513,597	\$ 882,497
Fines, interest and other	11,200	11,200	18,374	7,174
TOTAL REVENUES	<u>2,642,300</u>	<u>2,642,300</u>	<u>3,531,971</u>	<u>889,671</u>
EXPENDITURES:				
Personnel services	111,699	111,699	62,916	48,783
Materials and services	72,673	72,673	23,461	49,212
Debt service	986,274	991,387	991,387	-
Contingency	132,115	127,002	-	127,002
TOTAL EXPENDITURES	<u>1,302,761</u>	<u>1,302,761</u>	<u>1,077,763</u>	<u>224,997</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,339,539</u>	<u>1,339,539</u>	<u>2,454,207</u>	<u>1,114,668</u>
NET CHANGE IN FUND BALANCE	1,339,539	1,339,539	2,454,207	1,114,668
FUND BALANCE - beginning of year	<u>1,112,080</u>	<u>1,112,080</u>	<u>1,127,198</u>	<u>15,118</u>
FUND BALANCE - end of year	<u>\$ 2,451,619</u>	<u>\$2,451,619</u>	<u>\$ 3,581,405</u>	<u>\$ 1,129,786</u>
NET CHANGE IN FUND BALANCE			\$ 2,454,207	
Unrealized gain (loss) on investments			(32,067)	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 2,422,140</u>	

CITY OF SHERWOOD
Sherwood, Oregon

**2021 URBAN RENEWAL OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget*		Actual	Variance
	Original	Final		
REVENUES:				
Fines, interest and other	\$ -	\$ -	\$ 5,467	\$ 5,467
TOTAL REVENUES	-	-	5,467	5,467
EXPENDITURES:				
Personnel services	-	-	750	(750)
Materials and services	-	-	2,236	(2,236)
Debt Service	-	-	752,869	(752,869)
TOTAL EXPENDITURES	-	-	755,855	(755,855)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(750,388)	(750,388)
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt	-	-	1,613,031	1,613,031
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,613,031	1,613,031
NET CHANGE IN FUND BALANCE	-	-	862,643	862,643
FUND BALANCE - beginning as restated	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 862,643	\$ 862,643

* A budget is not required the first year of operations

NET CHANGE IN FUND BALANCE	\$ 862,643
Unrealized gain (loss) on investments	(2,626)
CHANGE IN FUND BALANCE - GAAP BASIS	<u>\$ 860,017</u>

CITY OF SHERWOOD
Sherwood, Oregon

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
For the last nine fiscal years ¹

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.0874%	\$ 10,460,906	\$9,624,496	108.69%	87.57%
2021	0.0788	17,197,562	8,684,553	198.02	75.79
2020	0.0836	14,468,902	8,048,742	179.77	80.23
2019	0.0793	12,015,387	7,539,467	159.37	82.07
2018	0.0833	11,231,146	7,239,308	155.14	83.12
2017	0.0825	12,387,444	7,318,363	169.27	80.53
2016	0.0903	5,181,815	6,379,226	81.23	91.88
2015	0.0826	(1,872,341)	6,207,920	(30.16)	103.59
2014	0.0826	4,215,278	5,921,428	71.19	91.97

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

SCHEDULE OF PLAN CONTRIBUTIONS
For the last nine fiscal years ¹

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2022	\$ 2,218,466	\$ 2,218,466	-	\$ 10,017,074	22.15%
2021	1,971,225	1,971,225	-	9,624,496	20.48
2020	1,775,254	1,775,254	-	8,684,553	20.44
2019	1,265,497	1,265,497	-	8,048,742	15.72
2018	1,197,513	1,197,513	-	7,539,467	15.88
2017	964,354	964,354	-	7,239,308	13.32
2016	904,156	904,156	-	7,318,363	12.35
2015	749,886	749,886	-	6,379,226	11.76
2014	779,090	779,090	-	6,207,920	12.55

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

CITY OF SHERWOOD

Sherwood, Oregon

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Implicit Rate Subsidy Plan

For the last five fiscal years ^{1,2,3}

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 58,406	\$ 41,241	\$ 36,691	\$ 40,813	\$ 43,525
Interest	16,156	22,153	21,549	19,173	14,878
Actual experience	-	-	-	37,097	-
Changes of assumptions or other inputs	3,145	21,398	20,779	(63,606)	(38,570)
Benefit payments	(3,668)	(4,023)	(10,784)	(5,489)	(1,697)
Net change in OPEB Liability	74,039	80,769	68,235	27,988	18,136
Total OPEB Liability-beginning	674,469	593,700	525,465	497,476	479,340
Total OPEB Liability-ending	<u>\$ 748,508</u>	<u>\$ 674,469</u>	<u>\$ 593,700</u>	<u>\$ 525,465</u>	<u>\$ 497,476</u>
Covered-employee Payroll	\$ 9,624,496	\$ 8,684,553	\$ 8,048,742	\$ 7,539,467	\$ 7,239,308
Total OPEB Liability as a percentage of its covered payroll	7.8%	7.8%	7.4%	7.0%	6.9%

³ There are no assets accumulated in a trust that meets the criteria of GASB to pay related benefits for the pension/OPEB Plan

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Oregon Public Employees Retirement System, Retirement Health Insurance Account

For the last six fiscal years ^{1,2}

Year Ended June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	0.0649%	\$ (222,739)	\$ 9,624,496	-2.31%	183.86%
2021	0.0425	(86,655)	8,684,553	-1.00	-150.05
2020	0.0690	(133,416)	8,048,742	-1.66	144.38
2019	0.0674	(75,206)	7,539,467	-1.00	124.01
2018	0.0667	(27,845)	7,239,308	-0.38	108.89
2017	0.0713	19,364	7,318,363	0.26	94.15

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

² Amounts presented are for the measurement period reported during the fiscal year, which for FY 2022 is July 1, 2020 - June 30, 2021

CITY OF SHERWOOD

Sherwood, Oregon

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Oregon Public Employees Retirement System, Retirement Health Insurance Account

For the last eight fiscal years ¹

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2022	\$ 1,707	\$ 1,707	-	\$ 10,017,074	0.02%
2021	1,735	1,735	-	9,624,496	0.02
2020	3,037	3,037	-	8,684,553	0.03
2019	34,219	34,219	-	8,048,742	0.43
2018	33,217	33,217	-	7,539,920	0.44
2017	34,723	34,723	-	7,239,308	0.48
2016	32,568	32,568	-	7,318,363	0.45
2015	31,094	31,094	-	6,379,226	0.49

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

CITY OF SHERWOOD
Sherwood, Oregon

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

I. BUDGET

Required Supplementary Information includes the budgetary comparison for the General, Street Operations, Urban Renewal Operations Funds and 2021 Urban Renewal Operations Funds. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section.

Budgets for all funds are prepared on the modified accrual basis of accounting. The level of budgetary control is set at the department level for the General Fund and at the operating program level for Street Operations, Urban Renewal Operations and 2021 Urban Renewal Operations. All annual appropriations lapse at fiscal year-end.

The City did not over expend its appropriations in any Funds.

II. ACTUARIAL ASSUMPTIONS AND METHODS USED TO ACTUARIALLY DETERMINE OPEB CONTRIBUTIONS

Oregon Public Employees Retirement System, Retirement Health Insurance Account actuarial assumptions are as follows:

Actuarial Assumptions and Methods Used to Actuarially Determine Contributions:

Actuarial Valuation	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Effective	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial valuation method:	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial assumption:				
Inflation rate	2.40 percent	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	3.40 percent	3.50 percent	3.50 percent	3.75 percent
Investment rate of return	6.90 percent	7.20 percent	7.50/7.20 percent	7.75 percent

III. CHANGES IN ACTUARIAL ASSUMPTIONS IN OPEB CONTRIBUTIONS

Changes in Implicit Rate Subsidy Plan assumptions are the result of the change in the discount rate from 2.21% to 2.16%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF SHERWOOD
Sherwood, Oregon

**2021 URBAN RENEWAL CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget*			
	Original	Final	Actual	Variance
REVENUES:				
Fines, interest and other	\$ -	\$ -	\$ 132,587	\$ 132,587
EXPENDITURES:				
Personnel services	-	-	47,383	(47,383)
Materials and services	-	-	255,754	(255,754)
Capital outlay	-	-	790,009	(790,009)
TOTAL EXPENDITURES	-	-	1,093,147	(1,093,147)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(960,560)	(960,560)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	22,002,269	22,002,269
Debt premium	-	-	3,992,887	3,992,887
TOTAL OTHER FINANCING SOURCES (USES)	-	-	25,995,156	25,995,156
NET CHANGE IN FUND BALANCE	-	-	25,034,596	25,034,596
FUND BALANCE	-	-	-	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,034,596</u>	<u>\$ 25,034,596</u>

*A budget is not required the first year of operations

NET CHANGE IN FUND BALANCE	\$ 25,034,596
Unrealized gain (loss) on investments	(71,789)
CHANGE IN FUND BALANCE - GAAP BASIS	<u>\$ 24,962,807</u>

CITY OF SHERWOOD
Sherwood, Oregon

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Special Revenue Funds			Capital Project Funds		
	Debt Service	Transient Lodging Tax	Grant	General Construction	Street Capital	Totals
ASSETS:						
Cash and investments	\$ 76,588	\$ 176,182	\$2,218,259	\$ 1,629,272	\$6,861,903	\$ 10,962,204
Receivables	-	29,551	18,379	19,491	-	67,421
TOTAL ASSETS	<u>\$ 76,588</u>	<u>\$ 205,733</u>	<u>\$2,236,638</u>	<u>\$ 1,648,763</u>	<u>\$6,861,903</u>	<u>\$ 11,029,625</u>
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 4,131	\$ 35,401	\$ 39,532
Payroll payable	-	-	-	1,692	4,852	6,544
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,823</u>	<u>40,253</u>	<u>46,076</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, grants	-	-	2,207,711	-	-	2,207,711
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>2,207,711</u>	<u>-</u>	<u>-</u>	<u>2,207,711</u>
FUND BALANCES:						
Restricted	76,588	205,733	-	1,116,868	5,406,903	6,806,092
Committed	-	-	28,927	308,839	256,325	594,091
Assigned	-	-	-	217,233	1,158,422	1,375,655
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>76,588</u>	<u>205,733</u>	<u>28,927</u>	<u>1,642,940</u>	<u>6,821,650</u>	<u>8,775,838</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 76,588</u>	<u>\$ 205,733</u>	<u>\$2,236,638</u>	<u>\$ 1,648,763</u>	<u>\$6,861,903</u>	<u>\$ 11,029,625</u>

CITY OF SHERWOOD
Sherwood, Oregon

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			Capital Project Funds		
	Debt Service	Transient Lodging Tax	Grant	General Construction	Street Capital	Totals
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchises and fees	-	-	-	29,231	-	29,231
Intergovernmental	-	135,688	73,334	-	-	209,022
Charges for services	-	-	-	86,554	60,791	147,345
Infrastructure development fees	-	-	-	750,577	1,666,478	2,417,055
Interest and Other	(2,100)	(802)	(7,257)	(1,411)	(26,429)	(37,999)
TOTAL REVENUES	(2,100)	134,886	66,077	864,951	1,700,840	2,764,654
EXPENDITURES:						
Current						
Public works	-	-	57,339	211,570	420,185	689,094
Noncurrent						
Capital outlay	-	-	-	879,349	560,651	1,440,000
Debt service	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	57,339	1,090,919	980,836	2,129,094
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,100)	134,886	8,738	(225,968)	720,004	635,560
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	76,322	750,000	826,322
Transfers out	-	-	(4,117)	-	(76,322)	(80,439)
TOTAL OTHER FINANCING SOURCES	-	-	(4,117)	76,322	673,678	745,883
NET CHANGE IN FUND BALANCE	(2,100)	134,886	4,621	(149,646)	1,393,682	1,381,443
FUND BALANCE - beginning of year	78,688	70,847	24,306	1,792,586	5,427,968	7,394,395
FUND BALANCE - end of year	\$ 76,588	\$ 205,733	\$ 28,927	\$ 1,642,940	\$ 6,821,650	\$ 8,775,838

CITY OF SHERWOOD

Sherwood, Oregon

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Interest and other	\$ 700	\$ 700	\$ (1,406)	\$ (2,106)
TOTAL REVENUES	700	700	(1,406)	(2,106)
NET CHANGE IN FUND BALANCE	700	700	(1,406)	(2,106)
FUND BALANCE - beginning of year	76,477	78,688	78,688	-
FUND BALANCE - end of year	<u>\$ 77,177</u>	<u>\$ 79,388</u>	<u>\$ 77,282</u>	<u>\$ (2,106)</u>
NET CHANGE IN FUND BALANCE			\$ (1,406)	
Unrealized gain (loss) on investments			(694)	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ (2,100)</u>	

CITY OF SHERWOOD

Sherwood, Oregon

**TRANSIENT LODGING TAX FUND
SCHEDULE OF REVENUES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 62,400	\$ 62,400	\$ 135,688	\$ 73,288
Interest and other	475	475	795	320
TOTAL REVENUES	<u>62,875</u>	<u>62,875</u>	<u>136,483</u>	<u>73,608</u>
NET CHANGE IN FUND BALANCE	62,875	62,875	136,483	73,608
FUND BALANCE - beginning of year	<u>62,716</u>	<u>70,847</u>	<u>70,847</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 125,591</u>	<u>\$ 133,722</u>	<u>\$ 207,330</u>	<u>\$ 73,608</u>
NET CHANGE IN FUND BALANCE			\$ 136,483	
Unrealized gain (loss) on investments			<u>(1,597)</u>	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 134,886</u>	

CITY OF SHERWOOD

Sherwood, Oregon

GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$2,098,007	\$2,098,007	\$ 73,334	\$ (2,024,673)
Interest and other	7,500	7,500	12,849	5,349
TOTAL REVENUES	<u>2,105,507</u>	<u>2,105,507</u>	<u>86,183</u>	<u>(2,019,324)</u>
EXPENDITURES:				
Materials and services	82,339	82,339	57,339	25,000
Contingency	105,275	105,275	-	105,275
TOTAL EXPENDITURES	<u>187,614</u>	<u>187,614</u>	<u>57,339</u>	<u>130,276</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,917,893</u>	<u>1,917,893</u>	<u>28,844</u>	<u>(1,889,049)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,117)	(4,117)	(4,117)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,117)</u>	<u>(4,117)</u>	<u>(4,117)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,913,776	1,913,776	24,727	(1,889,049)
FUND BALANCE - beginning of year	<u>2,055,638</u>	<u>2,055,638</u>	<u>24,306</u>	<u>(2,031,332)</u>
FUND BALANCE - end of year	<u>\$3,969,414</u>	<u>\$3,969,414</u>	<u>\$ 49,033</u>	<u>\$ (3,920,381)</u>
NET CHANGE IN FUND BALANCE			\$ 24,727	
Unrealized gain (loss) on investments			(20,106)	
CHANGE IN FUND BALANCE - GAAP BASIS			<u>\$ 4,621</u>	

CITY OF SHERWOOD

Sherwood, Oregon

GENERAL CONSTRUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Franchises and fees	\$ 30,000	\$ 30,000	\$ 29,231	\$ (769)
Charges for services	55,000	55,000	86,554	31,554
Infrastructure development fees	260,000	260,000	750,577	490,577
Interest and other	14,500	14,500	13,356	(1,144)
TOTAL REVENUES	359,500	359,500	879,718	520,218
EXPENDITURES:				
Personnel services	92,130	92,130	67,267	24,863 *
Materials and services	59,110	59,110	144,303	(85,193) *
Capital outlay	1,644,176	1,644,176	879,349	764,827 *
TOTAL EXPENDITURES	1,795,416	1,795,416	1,090,919	704,497
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,435,916)	(1,435,916)	(211,201)	1,224,716
OTHER FINANCING SOURCES (USES):				
Transfers in	875,000	875,000	76,322	(798,678)
NET CHANGE IN FUND BALANCE	(560,916)	(560,916)	(134,879)	426,037
FUND BALANCE - beginning of year	1,976,366	1,792,586	1,792,586	-
FUND BALANCE - end of year	\$1,415,450	\$ 1,231,670	\$1,657,707	\$ 426,037

* Expenditures in this fund are appropriated at the level of "General Construction operations" meaning that personnel services, materials and services, and capital outlay are combined to determine budget compliance.

NET CHANGE IN FUND BALANCE	\$ (134,879)
Unrealized gain (loss) on investments	(14,767)
CHANGE IN FUND BALANCE - GAAP BASIS	\$ (149,646)

CITY OF SHERWOOD

Sherwood, Oregon

STREET CAPITAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 58,500	\$ 58,500	\$ 60,791	\$ 2,291
Infrastructure development fees	625,000	625,000	1,666,478	1,041,478
Fines, interest and other	48,000	48,000	35,765	(12,235)
TOTAL REVENUES	<u>731,500</u>	<u>731,500</u>	<u>1,763,034</u>	<u>1,031,534</u>
EXPENDITURES:				
Personnel services	111,691	111,691	76,503	35,188 *
Materials and services	69,266	69,266	343,682	(274,416) *
Capital outlay	3,178,673	3,178,673	560,651	2,618,022 *
TOTAL EXPENDITURES	<u>3,359,630</u>	<u>3,359,630</u>	<u>980,836</u>	<u>2,378,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,628,130)</u>	<u>(2,628,130)</u>	<u>782,198</u>	<u>3,410,328</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	750,000	750,000	-
Transfers out	(875,000)	(875,000)	(76,322)	798,678
TOTAL OTHER FINANCING SOURCES (USES)	<u>(875,000)</u>	<u>(125,000)</u>	<u>673,678</u>	<u>798,678</u>
NET CHANGE IN FUND BALANCE	<u>(3,503,130)</u>	<u>(2,753,130)</u>	<u>1,455,876</u>	<u>4,209,006</u>
FUND BALANCE - beginning of year	<u>3,571,494</u>	<u>5,427,968</u>	<u>5,427,968</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 68,364</u>	<u>\$ 2,674,838</u>	<u>\$ 6,883,844</u>	<u>\$ 4,209,006</u>

* Expenditures in this fund are appropriated at the level of "Street Capital operations" meaning that personnel services, materials and services, and capital outlay are combined to determine budget compliance.

NET CHANGE IN FUND BALANCE	\$ 1,455,876
Unrealized gain (loss) on investments	<u>(62,194)</u>
CHANGE IN FUND BALANCE - GAAP BASIS	<u>\$ 1,393,682</u>

CITY OF SHERWOOD

Sherwood, Oregon

WATER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 5,967,153	\$ 5,967,153	\$ 6,332,047	\$ 364,894
Infrastructure development fees	530,000	530,000	725,087	195,087
Interest and other	146,500	146,500	123,557	(22,943)
TOTAL REVENUES	<u>6,643,653</u>	<u>6,643,653</u>	<u>7,180,691</u>	<u>537,038</u>
EXPENDITURES:				
Operations	3,828,161	3,828,161	3,055,850	772,311
Capital	11,867,018	11,867,018	2,359,795	9,507,223
Debt Service	1,577,686	1,577,686	1,577,586	100
Contingency	302,233	302,233	-	302,233
TOTAL EXPENDITURES	<u>17,575,098</u>	<u>17,575,098</u>	<u>6,993,231</u>	<u>10,581,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,931,445)</u>	<u>(10,931,445)</u>	<u>187,460</u>	<u>11,118,905</u>
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt	-	-	9,997,403	9,997,403
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>9,997,403</u>	<u>9,997,403</u>
NET CHANGE IN FUND BALANCE	<u>(10,931,445)</u>	<u>(10,931,445)</u>	<u>10,184,863</u>	<u>21,116,308</u>
FUND BALANCE - beginning of year	<u>15,839,311</u>	<u>16,461,810</u>	<u>16,461,810</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 4,907,866</u>	<u>\$ 5,530,365</u>	<u>\$ 26,646,673</u>	<u>\$ 21,116,308</u>

CITY OF SHERWOOD
Sherwood, Oregon

WATER FUND
RECONCILIATION OF SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TO CHANGE IN NET POSITION AND TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Change in fund balance - budgetary basis	\$ 10,184,863
Pension expense	112,606
OPEB expense	(899)
Depreciation expense	(737,448)
Expenditures capitalized	2,213,405
Contributed assets	1,605,751
Contributions to joint ventures	243,464
City's share of net loss of joint ventures	(20,508)
Issuance of long term debt and related premium	(9,997,403)
Principal payments on long-term obligations	1,081,000
Change in accrued interest on long-term obligations	(59,537)
Change in compensated absences	13,623
Unrealized gain (loss) on investments	(241,562)
Amortization of debt premium	122,705
Change in net position - GAAP basis	<u>\$ 4,520,060</u>
Fund balance - budgetary basis	\$ 26,646,673
Net pension liability	(477,326)
OPEB asset	10,641
OPEB liability	(35,758)
Deferred outflows-Pension	336,261
Deferred outflows-OPEB	3,935
Deferred inflows-Pension	(384,294)
Deferred inflows-OPEB	(7,039)
Investment in joint ventures	1,269,712
Capital assets	54,855,740
Long-term obligations and related premium	(25,954,572)
Compensated absences	(42,534)
Unrealized gain (loss) on investments	(241,562)
Accrued interest on long term obligations	(99,461)
Net position - GAAP basis	<u>\$ 55,880,413</u>

CITY OF SHERWOOD

Sherwood, Oregon

SEWER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 1,951,900	\$ 1,951,900	\$ 814,211	\$ (1,137,689)
Intergovernmental	749,651	749,651	980,739	231,088
Infrastructure development fees	45,900	45,900	135,852	89,952
Interest and other	26,139	26,139	22,537	(3,602)
TOTAL REVENUES	<u>2,773,590</u>	<u>2,773,590</u>	<u>1,953,339</u>	<u>(820,251)</u>
EXPENDITURES:				
Operations	997,240	997,240	710,324	286,916
Capital	2,220,522	2,220,522	1,076,510	1,144,012
Contingency	38,135	38,135	-	38,135
TOTAL EXPENDITURES	<u>3,255,897</u>	<u>3,255,897</u>	<u>1,786,834</u>	<u>1,469,063</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(482,307)</u>	<u>(482,307)</u>	<u>166,505</u>	<u>648,812</u>
NET CHANGE IN FUND BALANCE	<u>(482,307)</u>	<u>(482,307)</u>	<u>166,505</u>	<u>648,812</u>
FUND BALANCE - beginning of year	<u>2,211,728</u>	<u>3,420,693</u>	<u>3,420,693</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 1,729,421</u>	<u>\$ 2,938,386</u>	<u>\$ 3,587,198</u>	<u>\$ 648,812</u>

CITY OF SHERWOOD

Sherwood, Oregon

**SEWER FUND
RECONCILIATION OF SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TO CHANGE IN NET POSITION AND TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Change in fund balance - budgetary basis	\$ 166,505
Pension expense	(5,852)
OPEB expense	(2,204)
Depreciation expense	(162,965)
Contributed assets	1,995,568
Expenditures capitalized	1,088,558
Unrealized gain (loss) on investments	(33,620)
Change in compensated absences	8,229
Change in net position - GAAP basis	<u>\$ 3,054,219</u>
Fund balance - budgetary basis	\$ 3,587,198
Net pension liability	(233,623)
OPEB asset	5,906
OPEB liability	(19,847)
Deferred outflows-Pension	164,581
Deferred outflows-OPEB	2,184
Deferred inflows-Pension	(188,089)
Deferred inflows-OPEB	(3,906)
Capital assets	17,831,300
Unrealized gain (loss) on investments	(33,620)
Compensated absences	(20,313)
Net position - GAAP basis	<u>\$ 21,091,770</u>

CITY OF SHERWOOD
Sherwood, Oregon

STORM FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$2,055,153	\$2,055,153	\$ 2,081,045	\$ 25,892
Infrastructure development fees	31,500	31,500	78,058	46,558
Interest and other	49,500	49,500	40,969	(8,531)
TOTAL REVENUES	<u>2,136,153</u>	<u>2,136,153</u>	<u>2,200,072</u>	<u>63,919</u>
EXPENDITURES:				
Operations	1,453,391	1,453,391	1,260,652	192,739
Capital	1,185,121	1,185,121	118,448	1,066,673
Contingency	84,508	84,508	-	84,508
TOTAL EXPENDITURES	<u>2,723,020</u>	<u>2,723,020</u>	<u>1,379,100</u>	<u>1,343,920</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(586,867)</u>	<u>(586,867)</u>	<u>820,972</u>	<u>1,407,839</u>
NET CHANGE IN FUND BALANCE	<u>(586,867)</u>	<u>(586,867)</u>	<u>820,972</u>	<u>1,407,839</u>
FUND BALANCE - beginning of year	<u>5,869,959</u>	<u>6,099,116</u>	<u>6,099,116</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$5,283,092</u>	<u>\$5,512,249</u>	<u>\$ 6,920,088</u>	<u>\$ 1,407,839</u>

CITY OF SHERWOOD

Sherwood, Oregon

**STORM FUND
RECONCILIATION OF SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TO CHANGE IN NET POSITION AND TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Change in fund balance - budget basis	\$ 820,972
Pension expense	(20,669)
OPEB expense	(2,960)
Depreciation expense	(293,745)
Contributed assets	4,636,799
Expenditures capitalized	119,129
Unrealized gain (loss) on investments	(61,317)
Change in compensated absences	4,509
Change in net position - GAAP basis	<u>\$ 5,202,719</u>

Fund balance - budget basis	\$ 6,920,088
Net pension liability	(400,053)
OPEB asset	10,630
OPEB liability	(35,721)
Deferred outflows-Pension	281,825
Deferred outflows-OPEB	3,930
Deferred inflows-Pension	(322,082)
Deferred inflows-OPEB	(7,030)
Capital assets	29,327,668
Unrealized gain (loss) on investments	(61,317)
Compensated absences	(36,545)
Net position - GAAP basis	<u>\$ 35,681,393</u>

CITY OF SHERWOOD

Sherwood, Oregon

BROADBAND FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2022

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 1,025,439	\$ 1,025,439	\$ 932,436	\$ (93,003)
Interest and other	175,000	175,000	72,716	(102,284)
TOTAL REVENUES	<u>1,200,439</u>	<u>1,200,439</u>	<u>1,005,152</u>	<u>(195,287)</u>
EXPENDITURES:				
Personnel services	1,557,965	1,557,965	1,031,313	526,652 *
Materials and services	2,079,057	2,622,756	4,273,089	(1,650,333) *
Capital outlay	2,058,681	2,058,681	705,838	1,352,843 *
Debt service	1,113,647	669,948	439,072	230,876
Contingency	120,044	20,044	-	20,044
TOTAL EXPENDITURES	<u>6,929,394</u>	<u>6,929,394</u>	<u>6,449,312</u>	<u>480,082</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(5,728,955)</u>	<u>(5,728,955)</u>	<u>(5,444,160)</u>	<u>284,795</u>
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt	18,000,000	18,000,000	14,954,700	(3,045,300)
TOTAL OTHER FINANCING SOURCES	<u>18,000,000</u>	<u>18,000,000</u>	<u>14,954,700</u>	<u>(3,045,300)</u>
NET CHANGE IN FUND BALANCE	<u>12,271,045</u>	<u>12,271,045</u>	<u>9,510,540</u>	<u>(2,760,505)</u>
FUND BALANCE - beginning of year	<u>(532,406)</u>	<u>(739,985)</u>	<u>(739,985)</u>	<u>-</u>
FUND BALANCE - end of year	<u><u>\$11,738,639</u></u>	<u><u>\$11,531,060</u></u>	<u><u>\$ 8,770,555</u></u>	<u><u>\$ (2,760,505)</u></u>

* Expenditures in this fund are appropriated at the level of "Broadband Operations" meaning that personnel services, materials and services, and capital outlay are combined to determine budget compliance.

CITY OF SHERWOOD
Sherwood, Oregon

BROADBAND FUND
RECONCILIATION OF SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
TO CHANGE IN NET POSITION AND TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Change in fund balance - budgetary basis	\$ 9,510,540
Pension expense	(156,355)
OPEB expense	(18,542)
Depreciation expense	(162,493)
Contributed assets	150,439
Expenditures capitalized	2,849,812
Issuance of long term debt	(14,954,700)
Principal payments on long-term debt	115,882
Change in accrued interest on long-term obligations	(25,370)
Principal payments on capital lease	47,126
Unrealized gain (loss) on investments	(115,415)
Change in compensated absences	(33,486)
Change in net position - GAAP basis	<u>\$ (2,792,562)</u>
Fund balance - budgetary basis	\$ 8,770,555
Net pension liability	(524,318)
OPEB asset	17,569
OPEB liability	(59,041)
Deferred outflows-Pension	369,366
Deferred outflows-OPEB	6,498
Deferred inflows-Pension	(422,126)
Deferred inflows-OPEB	(11,619)
Capital assets	6,131,432
Long-term debt obligations and related premium	(16,594,411)
Capital lease payable	(101,855)
Compensated absences	(62,641)
Unrealized gain (loss) on investments	(115,415)
Accrued interest on long term obligations	(28,862)
Net position - GAAP basis	<u>\$ (2,624,869)</u>

CITY OF SHERWOOD

Sherwood, Oregon

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2022**

<u>Tax Year</u>	<u>Uncollected Balances June 30, 2021</u>	<u>2021-22 Levy</u>	<u>Interest, Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balances June 30, 2022</u>
2021-22	\$ -	\$ 10,601,209	\$ (316,166)	\$ (10,186,237)	\$ 98,806
2020-21	116,921	-	4,478	(89,822)	31,577
2019-20	37,147	-	4,064	(23,770)	17,441
2018-19	17,542	-	2,793	(13,022)	7,313
2017-18	8,360	-	2,491	(8,355)	2,496
2016-17	2,047	-	679	(1,491)	1,235
2015-16 & Prior Years	<u>4,618</u>	<u>-</u>	<u>(2,267)</u>	<u>(1,754)</u>	<u>597</u>
Total	<u>\$ 186,635</u>	<u>\$ 10,601,209</u>	<u>\$ (303,928)</u>	<u>\$ (10,324,451)</u>	<u>\$ 159,465</u>

STATISTICAL SECTION

CITY OF SHERWOOD
Sherwood, Oregon

STATISTICAL SECTION

This part of the City of Sherwood's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information and supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	102-105
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	106-109
Debt Capacity These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	110-113
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment which the City's financial activities take place.	114
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	115

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

CITY OF SHERWOOD
Sherwood, Oregon

GOVERNMENT-WIDE NET POSITION
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019 as restated</u>	<u>2018</u>	<u>2017 as restated</u>	<u>2016 as restated</u>	<u>2015 as restated</u>	<u>2014 as restated</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 65,942,422	\$ 65,022,662	\$ 63,757,275	\$ 60,754,301	\$ 60,139,362	\$ 61,929,620	\$ 62,710,458	\$ 61,788,307	\$ 50,984,632	\$ 52,838,930
Restricted	14,351,752	9,291,293	10,984,394	11,916,429	9,904,857	7,911,862	7,628,181	6,641,181	10,184,686	2,898,423
Unrestricted	(1,512,836)	(2,557,290)	(4,241,563)	(2,311,325)	(2,488,303)	(3,401,944)	(1,789,766)	1,903,389	5,056,030	9,119,548
Total governmental activities net position	<u>78,781,338</u>	<u>71,756,665</u>	<u>70,500,106</u>	<u>70,359,405</u>	<u>67,555,916</u>	<u>66,439,538</u>	<u>68,548,873</u>	<u>70,332,877</u>	<u>66,225,348</u>	<u>64,856,901</u>
Business-Type activities										
Net investment in capital assets	82,571,628	75,777,881	73,021,977	70,618,624	68,338,342	67,095,436	66,183,931	65,183,966	60,286,219	58,296,986
Restricted	7,968,075	9,287,398	7,684,875	7,265,320	7,493,636	5,033,233	4,827,309	4,557,700	4,508,411	3,939,196
Unrestricted	19,489,004	14,978,992	15,244,024	13,934,495	11,006,498	10,567,943	9,248,463	8,212,156	7,763,528	8,791,167
Total business-type activities net position	<u>110,028,707</u>	<u>100,044,271</u>	<u>95,950,876</u>	<u>91,818,439</u>	<u>86,838,476</u>	<u>82,696,612</u>	<u>80,259,703</u>	<u>77,953,822</u>	<u>72,558,158</u>	<u>71,027,349</u>
Government-wide activities										
Net investment in capital assets	148,514,050	140,800,543	136,779,252	131,372,925	128,477,704	129,025,056	128,894,389	126,972,273	111,270,851	111,135,916
Restricted	22,319,827	18,578,691	18,669,269	19,181,749	16,244,853	12,945,095	12,455,490	11,198,881	14,693,097	6,837,619
Unrestricted	17,976,168	12,421,702	11,002,461	11,557,170	9,671,835	7,165,999	7,458,697	10,115,545	12,819,558	17,910,715
Total Government-wide activities net position	<u>\$ 188,810,045</u>	<u>\$ 171,800,936</u>	<u>\$ 166,450,981</u>	<u>\$ 162,177,844</u>	<u>\$ 154,394,392</u>	<u>\$ 149,136,150</u>	<u>\$ 148,808,576</u>	<u>\$ 148,286,699</u>	<u>\$ 138,783,506</u>	<u>\$ 135,884,250</u>

CITY OF SHERWOOD
Sherwood, Oregon

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
Administration	\$ 2,889,705	\$ 2,958,468	\$ 3,515,632	\$ 2,719,604	\$ 3,042,785	\$ 3,393,624	\$ 3,762,148	\$ 2,399,678	\$ 3,029,706	\$ 2,883,811
Community Development	3,178,508	3,262,758	2,540,673	2,247,546	1,928,317	1,651,543	2,038,515	2,729,712	2,362,541	3,666,015
Public Safety	4,821,149	5,513,147	4,968,933	4,488,409	4,197,438	3,722,363	5,091,476	2,533,941	3,535,649	3,265,114
Community Services	2,719,997	2,946,844	3,175,146	2,715,447	2,395,657	2,366,718	2,695,517	1,369,635	1,423,661	1,431,554
Public Works	7,445,897	9,086,977	8,672,118	8,371,532	8,931,365	9,550,440	8,989,818	6,586,383	7,414,223	3,841,187
Interest on long-term obligations	867,469	214,914	369,991	489,255	563,404	655,929	743,533	817,135	809,553	1,091,076
Total governmental activities	<u>21,922,725</u>	<u>23,983,108</u>	<u>23,242,493</u>	<u>21,031,793</u>	<u>21,058,966</u>	<u>21,340,617</u>	<u>23,321,007</u>	<u>16,436,484</u>	<u>18,575,333</u>	<u>16,178,757</u>
Business-Type activities:										
Water	4,024,820	4,401,772	4,506,002	4,244,157	4,620,164	4,433,477	4,978,817	4,891,188	6,062,543	4,108,763
Sewer	861,068	908,360	765,629	855,669	674,672	734,672	918,172	628,522	610,702	549,521
Storm	1,572,835	1,341,195	1,441,561	1,291,345	1,275,830	1,118,477	1,247,121	875,105	1,094,161	942,614
Broadband	3,832,738	1,517,041	1,602,189	571,743	465,760	351,311	236,319	257,755	253,373	174,794
Total business-type activities	<u>10,291,461</u>	<u>8,168,368</u>	<u>8,315,381</u>	<u>6,962,914</u>	<u>7,036,426</u>	<u>6,637,937</u>	<u>7,380,429</u>	<u>6,652,570</u>	<u>8,020,779</u>	<u>5,775,692</u>
Total Expenses	<u>\$ 32,214,186</u>	<u>\$ 32,151,476</u>	<u>\$ 31,557,874</u>	<u>\$ 27,994,707</u>	<u>\$ 28,095,392</u>	<u>\$ 27,978,554</u>	<u>\$ 30,701,436</u>	<u>\$ 23,089,054</u>	<u>\$ 26,596,112</u>	<u>\$ 21,954,449</u>
Revenues										
Governmental activities:										
Charges for services										
Administration	\$ 2,171,422	\$ 2,199,303	\$ 2,256,822	\$ 2,150,403	\$ 1,303,801	\$ 1,333,927	\$ 1,286,213	\$ 1,066,290	\$ 1,126,323	\$ 924,121
Community Development	2,597,387	1,810,672	1,129,256	1,667,307	1,687,818	694,518	580,776	446,008	687,417	535,078
Public Safety	53,789	7,754	70,944	82,041	69,977	10,519	10,062	17,037	8,303	22,655
Community Services	532,774	267,460	490,469	608,822	521,993	442,121	355,560	313,096	335,297	279,359
Public Works	2,823,926	827,520	748,036	740,061	702,265	747,527	687,514	616,609	632,329	574,717
Operating grants and contributions	2,128,871	6,126,009	3,939,703	3,988,474	3,369,794	3,078,271	3,112,506	2,887,486	2,768,146	2,566,862
Capital grants and contributions	6,067,013	1,966,216	2,524,372	2,175,544	1,652,950	1,379,926	2,032,032	3,075,352	2,836,247	1,240,908
General revenues and transfers	12,572,217	12,034,733	12,223,592	12,422,631	12,866,746	11,942,225	10,287,396	10,977,479	11,209,402	10,256,013
Total governmental activities	<u>28,947,399</u>	<u>25,239,667</u>	<u>23,383,194</u>	<u>23,835,283</u>	<u>22,175,344</u>	<u>19,629,034</u>	<u>18,352,059</u>	<u>19,399,357</u>	<u>19,603,464</u>	<u>16,399,713</u>
Business-Type activities:										
Charges for services										
Water	6,332,047	6,402,114	5,788,867	6,078,669	5,983,630	5,450,689	5,314,365	4,839,176	4,436,294	4,511,739
Sewer	814,211	785,373	727,464	724,723	680,741	677,284	618,813	599,113	575,710	554,285
Storm	2,081,045	2,116,224	2,007,067	1,966,615	1,839,189	1,860,547	1,744,234	1,727,594	1,619,100	1,525,022
Broadband	932,436	769,744	912,052	473,660	447,672	445,468	523,819	487,387	385,288	318,075
Operating grants and contributions	980,739	484,901	453,910	17,014	2,678	1,129	-	-	1,806,566	-
Capital grants and contributions	9,327,554	1,478,919	1,995,326	2,303,868	1,871,684	1,012,708	1,355,831	4,167,107	1,085,743	1,045,294
General revenues, special items, transfers	(192,135)	224,488	563,131	590,061	352,696	(313,665)	182,774	78,211	69,954	77,208
Total business-type activities	<u>20,275,897</u>	<u>12,261,763</u>	<u>12,447,817</u>	<u>12,154,610</u>	<u>11,178,290</u>	<u>9,134,160</u>	<u>9,739,836</u>	<u>11,898,588</u>	<u>9,978,655</u>	<u>8,031,623</u>
Total Revenues	<u>\$ 49,223,296</u>	<u>\$ 37,501,430</u>	<u>\$ 35,831,011</u>	<u>\$ 35,989,893</u>	<u>\$ 33,353,634</u>	<u>\$ 28,763,194</u>	<u>\$ 28,091,895</u>	<u>\$ 31,297,945</u>	<u>\$ 29,582,119</u>	<u>\$ 24,431,336</u>
Change in Net Position										
Governmental Activities	\$ 7,024,673	\$ 1,256,559	\$ 140,701	\$ 2,803,489	\$ 1,116,378	\$ (1,711,583)	\$ (4,968,948)	\$ 2,962,873	\$ 1,028,131	\$ 220,956
Business-Type Activities	9,984,436	4,093,395	4,132,436	5,191,696	4,141,864	2,496,223	2,359,407	5,246,018	1,957,876	2,255,931
Total Net (Expense)/Revenue	<u>\$ 17,009,109</u>	<u>\$ 5,349,953</u>	<u>\$ 4,273,136</u>	<u>\$ 7,995,185</u>	<u>\$ 5,258,242</u>	<u>\$ 784,640</u>	<u>\$ (2,609,541)</u>	<u>\$ 8,208,891</u>	<u>\$ 2,986,007</u>	<u>\$ 2,476,887</u>

CITY OF SHERWOOD
Sherwood, Oregon

GOVERNMENTAL FUND BALANCE
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nonspendable	\$ 87,108	\$ 109,604	\$ 64,756	\$ 281,498	\$ 83,732	\$ 6,201	\$ -	\$ 179,874	\$ 328,233	\$ 475,664
Restricted	-	-	-	-	-	4,274	-	138,653	209,973	176,427
Committed	50,095	44,170	44,170	26,306	17,579	12,685	5,107	-	7,230	68,596
Assigned	2,615,867	107,409	103,924	115,185	99,505	84,870	84,870	343	139	1,261
Unassigned	4,678,991	6,911,867	5,112,163	5,129,570	4,277,612	2,729,205	2,993,022	2,638,521	3,336,003	2,718,585
Total General Fund	\$ 7,432,061	\$ 7,173,050	\$ 5,325,013	\$ 5,552,559	\$ 4,478,428	\$ 2,837,235	\$ 3,082,999	\$ 2,957,391	\$ 3,881,578	\$ 3,440,533
Street Operations:										
Nonspendable	\$ 5,330	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,754,690	2,586,771	2,805,882	2,518,669	2,083,695	2,294,362	2,166,298	1,744,507	1,548,453	1,284,919
Total Street Operations	\$ 3,760,020	\$ 2,586,771	\$ 2,805,943	\$ 2,518,669	\$ 2,083,695	\$ 2,294,362	\$ 2,166,298	\$ 1,744,507	\$ 1,548,453	\$ 1,284,919
Urban Renewal Operations:										
Nonspendable	\$ -	\$ -	\$ -	\$ 119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,549,338	1,127,198	700,918	3,063,003	2,135,138	1,792,891	1,384,041	1,619,260	3,657,028	3,778,239
Total Urban Renewal Ops	\$ 3,549,338	\$ 1,127,198	\$ 700,918	\$ 3,063,122	\$ 2,135,138	\$ 1,792,891	\$ 1,384,041	\$ 1,619,260	\$ 3,657,028	\$ 3,778,239
Urban Renewal Capital:										
Restricted (a)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,904
2021 Urban Renewal Operations:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	860,017	-	-	-	-	-	-	-	-	-
Total Urban Renewal Ops	\$ 860,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021 Urban Renewal Capital:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	24,962,807	-	-	-	-	-	-	-	-	-
Total Urban Renewal	\$ 24,962,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,111
Restricted	6,806,092	5,505,092	7,308,665	6,268,475	5,728,588	3,820,335	4,077,812	3,138,762	6,317,685	3,714,210
Committed	594,091	472,465	184,162	274,271	229,283	98,470	118,983	319,008	-	252,812
Assigned	1,375,655	1,416,838	369,330	45,014	32,797	-	-	-	-	244,466
Unassigned	-	-	-	(48,450)	-	-	(39,503)	(10,615)	-	-
Total Other Governmental Funds	\$ 8,775,838	\$ 7,394,395	\$ 7,862,157	\$ 6,539,310	\$ 5,990,668	\$ 3,918,805	\$ 4,157,292	\$ 3,447,155	\$ 6,317,685	\$ 4,347,599

(a) The Urban Renewal Capital Fund was created in 2012 as a Governmental Fund. In prior years it was shown as a part of the Urban Renewal General Fund.

CITY OF SHERWOOD
Sherwood, Oregon

CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Property Taxes	\$ 10,327,151	\$ 9,714,795	\$ 9,906,648	\$ 9,920,556	\$ 9,489,203	\$ 9,814,573	\$ 7,991,519	\$ 9,155,253	\$ 9,250,482	\$ 8,375,347
Franchises and fees	2,191,084	2,141,407	2,048,939	2,015,453	2,015,911	1,902,899	1,899,665	1,544,203	1,592,483	1,580,367
Intergovernmental	4,272,501	6,251,221	4,031,394	4,044,660	3,437,272	3,078,271	3,191,829	2,887,486	2,768,145	2,594,181
Charges for services	3,950,269	2,875,676	2,424,657	3,055,615	2,977,299	2,070,123	1,693,715	1,411,682	1,760,618	1,474,026
Infrastructure development fees	3,155,778	948,583	2,093,142	861,646	1,022,081	765,993	1,426,131	544,726	2,836,246	666,200
Fines and forfeitures	2,089,239	2,111,824	2,179,178	2,244,830	1,245,800	1,158,489	1,226,410	1,047,358	1,029,052	861,904
Interest on investments	(25,310)	154,065	402,630	425,220	219,655	129,535	75,823	68,893	77,077	97,290
Miscellaneous	71,373	46,850	70,259	101,679	86,601	45,384	269,342	230,507	260,899	226,069
Total Revenues	26,032,085	24,244,421	23,156,847	22,669,659	20,493,822	18,965,267	17,774,434	16,890,108	19,575,002	15,875,384
Expenditures:										
Current:										
Administration	2,997,383	2,778,858	3,065,722	2,773,091	2,872,682	3,020,281	2,779,587	2,598,190	2,447,546	2,166,821
Community Development	3,282,961	2,897,648	2,315,697	1,929,042	1,803,328	1,529,152	1,587,474	1,424,929	1,126,553	992,193
Public Safety	4,994,852	4,785,637	4,419,277	4,072,675	3,725,426	3,425,907	3,620,713	3,379,100	3,485,772	3,259,944
Community Services	2,537,697	2,399,350	2,381,316	2,169,082	1,923,931	1,853,341	1,704,173	1,441,834	1,169,915	1,181,814
Public Works	3,667,889	4,267,920	4,518,270	3,986,942	4,514,484	3,588,700	3,204,877	2,812,908	3,116,834	2,290,168
Capital outlay	3,367,291	2,913,873	1,440,830	1,677,376	839,516	1,585,002	1,130,259	6,648,240	3,784,613	3,915,065
Debt service - principal	780,000	2,351,959	5,499,695	2,555,910	2,485,610	3,190,846	1,990,313	1,913,378	1,841,517	7,032,912
Debt service - interest	964,256	272,739	507,244	553,584	626,384	724,168	812,523	754,369	821,237	1,219,706
Total Expenditures	22,592,329	22,667,984	24,148,051	19,717,702	18,791,361	18,917,397	16,829,919	20,972,948	17,793,987	22,058,623
Excess (Deficiency) of Revenues Over Expenditures	3,439,755	1,576,437	(991,204)	2,951,957	1,702,461	47,870	944,515	(4,082,840)	1,781,015	(6,183,239)
Other Financing Sources (Uses)										
Issuance of long-term debt	23,615,300	-	-	-	-	-	-	-	-	5,619,298
Debt premium	3,992,887	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	19,012	14,979	-	-	-	-	83,733
Proceeds from sale of capital assets	10,725	10,946	11,575	14,762	2,124,196	4,793	11,791	204,500	-	533,489
Transfers in	830,439	2,332,686	856,827	103,916	1,087,535	102,757	315,074	4,151,500	2,505,726	429,485
Transfers out	(830,439)	(2,332,686)	(856,827)	(103,916)	(1,084,535)	(102,757)	(249,064)	(4,151,500)	(2,505,726)	(423,787)
Total Other Financing Sources (Uses)	27,618,912	10,946	11,575	33,774	2,142,175	4,793	77,801	204,500	-	6,242,218
Net change in fund balances	\$ 31,058,667	\$ 1,587,383	\$ (979,629)	\$ 2,985,731	\$ 3,844,636	\$ 52,663	\$ 1,022,316	\$ (3,878,340)	\$ 1,781,015	\$ 58,979
Ratio of debt service to non-capital expenditures	9%	13%	26%	18%	19%	23%	18%	19%	19%	45%

CITY OF SHERWOOD
Sherwood, Oregon

**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Assessed Value			Estimated Real Market Value (RMV)	Total Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated RMV (b)	Estimated RMV Per Capita	URA Assessed Value (a)
	Real Property	Personal Property, Manufactured Homes and Utility	Total Assessed Value					
2022	\$ 2,190,758,270	\$ 138,295,275	\$ 2,329,053,545	\$ 4,257,854,139	\$ 3.002	54.7 %	\$ 207,741	\$ 156,212,719
2021	2,086,495,620	129,743,811	2,216,239,431	3,932,473,763	3.178	56.4	197,761	166,240,589
2020	1,995,919,550	110,112,101	2,106,031,651	3,456,536,834	3.123	60.9	176,399	212,708,676
2019	1,897,725,280	99,694,596	1,997,419,876	3,313,954,290	3.084	60.3	169,903	215,124,551
2018	1,819,023,950	97,514,015	1,916,537,965	3,051,188,214	3.068	62.8	159,373	220,064,100
2017	1,741,614,730	99,470,069	1,841,084,799	2,776,562,739	3.416	66.3	145,028	217,704,558
2016	1,682,898,700	97,496,399	1,780,395,099	2,525,733,974	3.623	70.5	131,927	96,425,798 (c)
2015	1,585,147,450	99,742,536	1,684,889,986	2,345,831,747	3.457	71.8	122,947	189,942,221
2014	1,531,902,480	86,359,548	1,618,262,028	2,105,890,812	3.432	76.8	113,372	204,412,301
2013	1,462,572,520	83,782,363	1,546,354,883	1,997,911,773	3.482	77.4	109,385	171,273,361

(a) The City of Sherwood Urban Renewal Agency (URA) began operations on July 1, 2001. The amount shown as URA assessed value is the portion of the total assessed value attributable to the URA. Tax revenue on this value is restricted to urban renewal activities.

(b) Ballot Measure 50, implemented in the fiscal year ended June 30, 1998, limited assessed value.

(c) In FY2016 The increment value used by the URA was significantly lower than in other years due to an accounting error.

Source: Washington County Assessment and Taxation

CITY OF SHERWOOD
Sherwood, Oregon

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City of Sherwood			Washington County and Other Governmental Entities			Education			Total
	Permanent Rate (a)	Debt Service (b)	Total City	Permanent Rate	Debt Service	Total County	Permanent Rate	Debt Service	Total Education	
2022	\$ 3.0015	\$ -	\$3.0015	\$ 6.4464	\$ 0.5335	\$ 6.9799	\$ 4.7778	\$ 3.7312	\$ 8.5090	\$18.4904
2021	3.0502	0.1281	3.1783	6.2253	0.5609	6.7862	4.8553	3.9113	8.7666	18.7311
2020	2.9881	0.1350	3.1231	6.4954	0.5770	7.0724	4.7565	3.9730	8.7295	18.9250
2019	2.9424	0.1417	3.0841	6.6713	0.4093	7.0806	4.6838	4.0552	8.7390	18.9037
2018	2.9189	0.1488	3.0677	6.7832	0.3770	7.1602	4.6464	4.1188	8.7652	18.9931
2017	2.9075	0.5084	3.4159	6.7557	0.3511	7.1068	4.6283	3.7573	8.3856	18.9083
2016	3.1189	0.5042	3.6231	5.8031	0.3106	6.1137	4.9647	3.8014	8.7661	18.5029
2015	2.9257	0.5309	3.4566	6.4513	0.3388	6.7901	4.6572	3.9446	8.6018	18.8485
2014	2.8810	0.5513	3.4323	6.3964	0.4670	6.8634	4.5860	3.8966	8.4826	18.7783
2013	2.9323	0.5497	3.4820	6.3451	0.5148	6.8599	4.6676	3.9034	8.5710	18.9129

- (a) This is the permanent rate, which funds general operations. Permanent rates were fixed by the State in 1997 when property tax limitation measures were approved by the voters. No action of the City can increase the permanent rate from \$3.2975.
- (b) Debt service levies are used for payments on general obligation bonds. The City may levy whatever rate is needed to pay debt service on these voter-approved bonds.

CITY OF SHERWOOD

Sherwood, Oregon

**PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Portland General Electric	\$32,240,000	1	1.4%	\$12,483,000	6	0.8%
WalMart Stores, Inc	29,657,452	2	1.3%	N/A	-	0.0%
MGP X Properties LLC	23,493,650	3	1.0%	N/A	-	0.0%
Mountain High Apartments, LLC	20,851,880	4	0.9%	N/A	-	0.0%
Big Sunfield Lakes OR, LLE	19,940,490	5	0.9%	15,282,760	4	1.0%
Target Corporation	17,106,920	6	0.7%	15,664,061	2	1.0%
Creekview Crossing SPE, LLC	16,699,760	7	0.7%	12,799,010	5	0.8%
Sherwood Senior Living, LLC	16,006,850	8	0.7%	N/A	-	0.0%
Northwest Natural Gas Co	14,064,000	9	0.6%	15,663,880	3	1.0%
Tacke LLC & LAF LLC	13,475,666	10	0.6%	N/A	-	0.0%
Retail Property Partners	N/A	-	0.0%	18,467,240	1	1.2%
Allied Systems Company	N/A	-	0.0%	11,042,820	7	0.7%
Juniper Ridge Investments	N/A	-	0.0%	10,278,620	8	0.7%
Home Depot	N/A	-	0.0%	9,883,867	9	0.6%
JPMCC 2006-CIBC14 12th St	N/A	-	0.0%	7,960,610	10	0.5%
	<u>\$203,536,668</u>		<u>8.67%</u>	<u>\$129,525,868</u>		<u>8.29%</u>

Source: Washington County Assessor's records

CITY OF SHERWOOD
Sherwood, Oregon

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Taxes</u> <u>Levied</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percent of</u> <u>Current Taxes</u> <u>Collected</u>	<u>Adjustments/</u> <u>Discounts/Interest</u>	<u>Total</u> <u>Tax</u> <u>Collections</u>	<u>Outstanding</u> <u>Delinquent</u> <u>Taxes</u>	<u>Ratio of</u> <u>Total Tax</u> <u>Collections to</u> <u>Total Tax Levy</u>
City of Sherwood:							
2022	\$6,994,782	\$6,718,243	96.0%	\$197,222	\$6,915,465	\$ 60,944	99.1%
2021	7,052,413	6,761,683	95.9	208,005	7,030,071	22,342	99.7
2020	6,697,994	6,413,071	95.7	273,472	6,686,543	11,451	99.8
2019	6,166,769	5,908,505	95.8	185,017	6,162,249	4,520	99.9
2018	5,904,596	5,627,507	95.3	275,588	5,903,095	1,501	100
2017	6,291,785	5,992,483	95.2	298,536	6,291,019	766	100
2016	6,454,287	6,157,490	95.4	296,407	6,453,897	390	100
2015	5,830,966	5,565,047	95.4	265,430	5,830,477	489	100
2014	5,640,111	5,352,760	94.9	286,525	5,639,285	826	100
2013	5,389,489	5,130,153	95.2	237,820	5,388,744	745	100
Sherwood Urban Renewal Agency:							
2022	\$3,606,427	\$3,461,859	96.0%	\$106,706	\$3,568,565	\$ 37,862	99.0%
2021	2,915,106	2,794,932	95.9	85,979	2,905,871	9,235	99.7
2020	3,503,841	3,354,793	95.7	143,058	3,497,851	5,990	99.8
2019	3,809,873	3,650,316	95.8	114,304	3,807,080	2,793	99.9
2018	3,909,851	3,726,871	95.3	181,985	3,908,856	995	100
2017	3,857,367	3,673,871	95.2	183,027	3,856,898	469	100
2016	1,730,398	1,650,826	95.4	79,439	1,730,265	133	100
2015	3,561,323	3,398,911	95.4	162,155	3,561,066	257	100
2014	3,891,961	3,693,675	94.9	197,951	3,891,626	335	100
2013	3,237,484	3,081,701	95.2	142,858	3,237,141	343	100

Source: Washington County Assessment and Taxation

CITY OF SHERWOOD
Sherwood, Oregon

**RATIO OF DEBT SERVICE EXPENDITURES TO GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Bonded Debt (a)			Loans/Notes Payable (b)			Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service General Governmental Expenditures	
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service			Bonded Debt	Total Debt
2022	\$ 405,000	\$ 778,375	\$ 1,183,375	\$ 375,000	\$ 185,881	\$ 560,881	\$ 1,744,256	\$ 22,592,329	5.2%	7.7%
2021	780,000	44,606	824,606	1,576,960	228,134	1,805,094	2,629,700	22,667,984	3.6%	11.6%
2020	255,000	15,700	270,700	6,444,057	1,213,411	7,657,468	7,928,168	24,148,051	1.1%	32.8%
2019	245,000	24,475	269,475	2,310,910	529,109	2,840,019	3,109,494	19,717,702	1.4%	15.8%
2018	240,000	31,750	271,750	2,245,610	531,654	2,777,264	3,049,014	18,791,361	1.4%	16.2%
2017	830,000	58,970	888,970	2,360,846	596,959	2,957,805	3,846,775	18,917,397	4.7%	20.3%
2016	810,000	87,012	897,012	1,180,313	656,521	1,836,834	2,733,846	16,829,919	5.3%	16.2%
2015	780,000	112,493	892,493	1,133,328	704,642	1,837,970	2,730,463	20,972,948	4.3%	13.0%
2014	755,000	135,184	890,184	1,086,517	674,368	1,760,885	2,651,069	20,882,003	4.3%	12.7%
2013	735,000	157,625	892,625	6,297,960	933,451	7,231,411	8,124,036	22,058,623	4.0%	36.8%

(a) All bonded debt is general obligation debt, and not subject to the limitations on property tax imposed by Measure 50.

(b) Notes payable are being repaid from specific sources, including rent of buildings, parks system development charges, and Urban Renewal Agency property tax increment revenue. All notes are full faith and credit obligations of the City.

CITY OF SHERWOOD
Sherwood, Oregon

**RATIO OF DEBT TO ASSESSED VALUE AND DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Bonded Debt (1)	Less Debt Service Fund	Net Bonded Debt	Governmental Activities Non-bonded Debt (2)	Business-Type Activities Non-bonded Debt (2)	Total Obligation	Ratio of Debt Percentage of Personal Income (3)		Debt Per Capita	
							Net Bonded Debt	Total Obligation	Net Bonded Debt	Total Obligation
2022	\$ 24,375,300	\$ 77,282	\$ 24,298,018	\$ 3,626,670	\$ 40,598,226	\$ 68,522,914	0.30%	0.11%	\$ 1,186	\$ 3,343
2021	1,165,000	78,688	1,086,312	4,001,956	17,347,574	22,435,842	6.72%	0.33%	55	1,128
2020	265,000	75,664	189,336	7,272,978	20,172,380	27,634,694	21.87%	0.15%	10	1,417
2019	520,000	67,655	452,345	12,538,134	19,423,498	32,413,977	24.34%	0.34%	23	1,662
2018	765,000	38,176	726,824	14,850,069	20,212,000	35,788,893	14.00%	0.28%	38	1,848
2017	1,005,000	28,563	976,437	17,099,574	21,349,000	39,425,011	9.49%	0.23%	51	2,059
2016	1,835,000	(33,640)	1,868,640	19,414,021	22,078,570	43,361,231	4.64%	0.20%	98	2,265
2015	2,645,000	(10,615)	2,655,615	20,615,267	22,978,399	46,249,281	3.42%	0.20%	139	2,424
2014	3,425,000	10,101	3,414,899	25,152,712	23,850,814	52,418,425	2.48%	0.16%	180	2,765
2013	4,180,000	8,432	4,171,568	22,959,865	24,701,435	51,832,868	2.12%	0.17%	225	2,790

(1) All bonded debt is general obligation debt, and not subject to the limitations on property tax imposed by Measure 50.

(2) Non-bonded debt is being repaid from specific sources, including rent of buildings, parks system development charges, and Urban Renewal Agency property tax increment revenue.

(3) Personal income is derived from the total households in the City of Sherwood multiplied by the median household income per the US Census Bureau. Income is reported as one year in arrears due to timing of available information.

CITY OF SHERWOOD
Sherwood, Oregon

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2022

<u>Jurisdiction</u>	<u>Net Direct Debt Outstanding</u>	<u>Percentage Applicable To City of Sherwood*</u>	<u>Amount Applicable to City of Sherwood</u>
Overlapping debt			
Metro	\$ 873,470,000	1.01 %	\$ 8,849,125
Portland Community College	496,110,000	1.28	6,327,883
Tualatin Valley Fire and Rescue District	60,075,000	3.36	2,017,138
Washington County	181,686,051	3.15	5,731,832
School District 88J	303,472,722	56.54	171,591,974
Subtotal, overlapping debt			194,517,952
City of Sherwood direct debt		100.00	68,522,914
Total direct and overlapping debt			<u>\$ 263,040,866</u>

*Source: Oregon State Treasury, Municipal Debt Advisory Commission

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage applicable to government is determined on the assessed value of the overlapping districts. The numerator is the City's assessed value and the denominator is the assessed value of the overlapping district.

CITY OF SHERWOOD
Sherwood, Oregon

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2022

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Actual Value</u>	<u>Estimated RMV</u>
2022	\$ 2,329,053,545	55%	\$ 4,257,854,139
Debt limitations (3% of total real market value)			\$ 127,735,624
Outstanding Governmental Activities-General Obligation Debt			<u>24,375,300</u>
Net debt margin			\$ 103,360,324
Percentage of net debt margin available			<u>80.92%</u>
Percentage of net debt power exhausted			<u>19.08%</u>

Last Ten Fiscal Years

<u>Year</u>	<u>Debt Limit</u>	<u>Outstanding debt applicable to limitation June 30</u>	<u>Net Debt Margin</u>	<u>Percentage of Net Debt Margin Available</u>
2022	\$ 127,735,624	\$ 24,375,300	\$ 103,360,324	80.92%
2021	117,974,213	1,165,000	116,809,213	99.01
2020	103,696,105	265,000	103,431,105	99.74
2019	99,418,629	520,000	98,898,629	99.48
2018	91,535,646	765,000	90,770,646	99.16
2017	83,296,882	1,005,000	82,291,882	98.79
2016	75,772,019	1,835,000	73,937,019	97.58
2015	70,374,952	2,645,000	67,729,952	96.24
2014	63,176,724	3,425,000	59,751,724	94.58
2013	59,937,353	4,180,000	55,757,353	93.03

CITY OF SHERWOOD
Sherwood, Oregon

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

July 1	Population (a)	Calendar Year	Unemployment Rate (b)	Median Age (c)	Average Household Size (c)	Per Capita Income	
						City of Sherwood	Washington County (c)
2022	20,496	2022	3.1%	36.4	2.9	\$ 41,282	\$ 41,015
2021	19,885	2021	3.9	36.3	2.9	36,217	44,396
2020	19,595	2020	11.2	36.3	2.9	35,330	41,814
2019	19,505	2019	4.3	36.3	3.0	34,511	40,152
2018	19,363	2018	3.8	36.6	2.9	31,654	37,361
2017	19,350	2017	4.2	36.6	2.9	30,882	35,786
2016	19,145	2016	5.0	37.0	2.9	30,129	34,691
2015	19,080	2015	5.5	36.2	2.9	29,863	32,721
2014	18,955	2014	6.2	34.8	2.9	29,378	30,914
2013	18,575	2013	7.3	33.9	3.0	31,327	31,964

(a) Source: Portland State University Center for Population Research and Census.

(b) Source: Bureau of Labor Statistics; <http://data.bls.gov>; for Portland, OR Metropolitan Statistical Area.

(c) Source: US Census through ESRI

Census data is only available every ten years. Median age, average household size, and per capita income is only available from the census report.

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Sherwood School District	608	1	14%	516	1	13%
WalMart Stores Inc.	227	2	5%			
NW Natural Gas	173	3	4%			
Safeway #1800	152	4	4%			
City of Sherwood	142	5	3%			
PPM Technologies Holdings, LLC	140	6	3%			
PNW Flatwork, Inc. dba Fettig	132	7	3%			
Treske Precision Machining	125	8	3%	110	5	3%
First Student	98	9	2%			
Pride Disposal	82	10	2%			
Allied Systems Company				327	2	8%
Target Store T1868				163	3	4%
Home Depot #4015				119	4	3%
Showplace Landscape Services				75	6	2%
Albertson's LLC				74	7	2%
Hardwood Industries, Inc				63	8	2%
Jim Fisher Roofing & Construction, Inc				61	9	2%
Fettig Commercial Constructions, Inc.				60	10	2%

Source: 2022 and 2013 Business License Database

CITY OF SHERWOOD
Sherwood, Oregon

MISCELLANEOUS STATISTICS
2013 through 2022

Date of incorporation	1893									
Form of government	Council/Manager									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Number of employees	142	141	140	130	114	114	112	106	98	95
Area in square miles	4.9	4.9	4.8	4.6	4.6	4.5	4.5	4.5	4.5	4.5
Miles of street	62	60	58	58	58	55	55	55	55	55
Culture and recreation:										
Senior/teen centers	2	2	2	2	2	2	2	2	2	2
Recreation centers	3	3	3	3	3	3	3	3	2	2
Acres of sports fields	55	55	55	55	55	55	55	55	55	55
Acres of maintained passive parks	64	64	64	57	57	57	57	57	57	57
Fire protection by Tualatin Valley Fire and Rescue:										
Number of stations in the City of Sherwood	1	1	1	1	1	1	1	1	1	1
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Services provided by School District 88J:										
Number of elementary schools in the City	4	4	4	4	4	4	4	4	4	4
Number of middle and high schools in the City	3	3	3	3	3	3	3	3	3	3

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH OREGON STATE REGULATIONS**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATIONS**

City Council
City of Sherwood
Sherwood, Oregon

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Sherwood, Oregon (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 16, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, 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 162-10-330 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 statement 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 included, 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).

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial 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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

City Council
City of Sherwood
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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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as communicated in a separate letter to management dated March 16, 2023, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency as communicated in a separate letter to management dated March 16, 2023 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies as communicated in a separate letter to management dated March 16, 2023 to be significant deficiencies.

Purpose Of This Report

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

Talbot, Kowala & Warwick LLP

Portland, Oregon
March 16, 2023