



Home of the Tualatin River National Wildlife Refuge

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

CITY OF SHERWOOD
Sherwood, Oregon

Annual Comprehensive Financial Report

Year Ended June 30, 2023

Prepared by

City of Sherwood

Finance Department

CITY OF SHERWOOD

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INTRODUCTORY SECTION



Home of the Tualatin River National Wildlife Refuge

City of Sherwood
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Mayor
Tim Rosener

Council President
Kim Young

Councilors
Renee Brouse
Keith Mays
Taylor Giles
Doug Scott
Dan Standke

City Manager
Craig Sheldon, Pro Tem

Assistant City Manager
Kristen Switzer

April 29, 2024

Citizens of Sherwood
Honorable Mayor
Members of the City Council

It is our pleasure to present you with the Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR). This report documents the financial position of the City as of June 30, 2023 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, 2023. 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 5 of the Financial Section of this report.

This report is the thirteenth 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, 2023. 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 20,222 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 all outstanding debt was paid off in fiscal year 2022-23. The URA shut down shortly after the debt was paid off and all remaining assets were transferred 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 2023.

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 decreased due to the closing of one of the city’s Urban Renewal Agencies, this decrease was anticipated as the Agency reached its maximum indebtedness.

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 \$104,651. This is 49.3% higher than the state MHI at \$70,084 and 13.7% higher than Washington County at \$92,025. 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 23.8% of the households.

Top 10 Property Owners Based on FY22-23 Assessed Value <i>(In Thousands of Dollars)</i>		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Portland General Electric	\$46,087	1.9%
Rhino Holdings Sherwood, LLC	24,727	1.0%
WalMart Stores, Inc	23,688	1.0%
Mountain High Apartments, LLC	21,477	0.9%
Big Sunfield Lakes OR, LLE	20,539	0.8%
Creekview Crossing SPE, LLC	17,201	0.7%
Target Corporation	17,072	0.7%
Sherwood Senior Living, LLC	16,487	0.7%
Cipole LLC	15,822	0.6%
Northwest Natural Gas Co	15,820	0.6%
Total	<u>\$218,920</u>	<u>8.9%</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

Industrial Growth

Tonquin Employment Area (TEA): The City is experiencing strong economic development activity in the Tonquin Employment Area which is the key employment development area within the burgeoning SW Tualatin-Sherwood Road Manufacturing/Industrial Corridor. The TEA consists of an approximately 296-acre area within the City of Sherwood Urban Growth Boundary (UGB) that is being actively marketed and developed with some of the largest new industrial parks in the Greater Portland Metropolitan Area. With Economic Development as the Number One Pillar for the Sherwood City Council, the focus is on working with the private sector to facilitate the creation of new jobs for our residents and a stronger, more diversified tax base to pay for City services into the future to ensure a prosperous future for Sherwood. This work represents an extensive collaboration between the city and its many partners such as Business Oregon, Greater Portland Inc, PGE, Northwest Natural, Clean Water Services, our industrial development partners/brokers and companies.

During 2022-2023, the Trammell Crow Company completed the construction and leasing of the new Tualatin-Sherwood Corporate Park (TSCP) on a nearly 50-acre site located at the southwest corner of SW Tualatin-Sherwood Road and SW 124th Avenue. In 2023, this entire nearly 500,000 square foot speculative industrial park project was fully leased to such advanced technology companies as Lam Research (which has now leased over 300,000 SF in the TEA area during this period), DW Fritz Precision Automation, NSI Manufacturing and, most recently, to Rahi Systems (now Wesco International). Trammell Crow is one of the largest industrial park developers in the US and is based in Dallas, TX. The development was completed by their Portland regional office. The growth of these new engineering, R&D, and advanced manufacturing companies in Sherwood is increasing the widespread recognition that Sherwood is an ideal location as the next emerging tech hub for Oregon's Silicon Forest.

Construction is well underway on the Willamette Water Supply Project which is 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 in 2026 will link SW 124th with SW Oregon Street and open up considerable new employment land in the TEA for further industrial growth. The timely construction of Ice Age Drive is essential for the City to complete industrial park development in the TEA – as a key location for new jobs and revenues for City services. The City and Sherwood 2021 Urban Renewal Agency (URA) are currently working with a leading engineering firm to complete the 90% design of Ice Age Drive. During the reporting period, the URA acquired key industrial properties in the TEA for the purpose of building the new road with the objective that any surplus property could subsequently be developed with new industrial businesses.

Schnitzer Properties is currently developing the first phase of their 1,000,000 (+) square foot new speculative multi-tenant corporate park space, the Sherwood Commerce Center (SCC) in the TEA. The project is located on the east side of SW Oregon Street, immediately south of SW Tualatin-Sherwood Road. Phase I consists of approximately 445,000 SF in 3 new industrial buildings. This first phase is well under construction and will be ready for occupancy in the Spring of 2024. Prior to the start of the building foundations, Schnitzer Properties had already leased 70,000 SF to Olympus Controls, a tech and engineering company which focuses on industrial automation. Olympus Controls will be locating their headquarters and advanced manufacturing operations in this space. Once completed, the entire Sherwood

Commerce Center development could house up to 30 expanding manufacturing and industrial companies. Discussions are underway with Schnitzer Properties as to their schedule for submitting their Land Use Application to the City for Phase II of the SCC. Major site grading and on-site roadway construction is also currently underway for Phase II. Phase II will add over 500,000 SF of additional new industrial park space to the TEA. Schnitzer Properties is a leading regional industrial park developer based in Portland which is very active in the major markets in the Western US.

Kerr Construction is undertaking mass grading of their nearly 30-acre industrial site located on the east side of SW Tonquin Road, immediately south of SW Oregon Street. The City has been working with this property owner and Panattoni Development, a large California-based industrial park developer, to assist Panattoni with their due diligence on the site. Panattoni has recently submitted their Land Use Application to the City for the development of over 400,000 SF of new industrial park space on this property which is now referred to as the Rock Creek Industrial Park.

The city has been working with Metro and Business Oregon on plans for the development of the key remaining sites in the TEA, the Dahlke Lane Industrial Corridor. The city applied for and received a Business Oregon grant for the preparation of the Dahlke Lane Industrial Site Readiness Plan which will be used to encourage the development of new industrial parks in this interior area of the TEA. Early interest is being expressed by developers for the construction of additional industrial park projects along the Dahlke Lane industrial area. The on-going work by the City and URA to construct Ice Age Drive will be critical for the development of the remainder of the TEA which will expand the number of jobs created in the city and help to expand the City's tax base.

The TSCP, Sherwood Commerce Center, Rock Creek Industrial Park and the Dahlke Lane Industrial Corridor will provide the basis for Sherwood to continue to attract target industries in such fields as semiconductors and electronics, automation/robotics, aerospace, space, defense, biosciences, metals and machinery, cleantech, food and beverage production and other domestic and global advanced manufacturing companies.

New Businesses: In addition to the companies referenced above, the city has been working with many other traded sector businesses during this reporting period. These include Treske Precision which is an existing company located in the Galbreath Industrial Park in Sherwood and which is currently constructing a new industrial building. This represents a major expansion of this company which will allow them to grow their defense and space economy-related businesses. The new Barker Cabinets industrial building is also under construction in the Galbreath Industrial Park. New construction is also underway in the Olds Place Industrial Park, including the new headquarters and industrial operations of Greenridge Solar. PPM Technologies is working to expand their industrial operations in Sherwood at SW Langer Parkway and SW Oregon Street. PPM Technologies manufactures food processing equipment for major international companies. AFP Systems is working on major infrastructure needed for the construction of their new headquarters and industrial building to be located on SW Oregon Street near Lower Roy. This 9-acre site will eventually house two industrial companies.

Sherwood High School Career & Technical Education (CTE) & STEM Programs: With the completion of the new Sherwood High School in 2021 on an approximately 70-acre site in Sherwood West, the City's Economic Development Office continues to expand its work in close partnership with the Sherwood School District to support the growth of their CTE and

STEM (Science Technology Engineering and Math) initiatives. This has been an opportunity to encourage linkages to area advanced manufacturing and technology companies for high school students. With the increasing rate of retirements by the Baby Boom generation, the objective is to support the growth and retention of the next generation of skilled talent which will help to grow the Sherwood area economy.

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 since it is adjacent to existing City infrastructure and to the city boundary. During this reporting period, the city concluded work on the Metro-funded Sherwood West Concept Plan Re-Look which was approved unanimously by the City Council in the summer of 2023, following extensive citizen participation. As part of this adoption process, the City Council has prioritized employment growth as an important goal to help Sherwood to achieve a balance of housing options and job opportunities and to expand the number and quality of jobs in the community and the City's tax base. The Sherwood West Concept Plan Re-Look addresses needed housing, jobs, transportation network, and natural resources. The Concept Plan proposes mixed use employment on approximately 250-acres in the northern portion of Sherwood West and a hospitality land use designation in the southern portion adjacent to Highway 99W to capitalize on visitors entering or leaving wine country. The city secured additional grant funding from Metro to prepare a refined economic development infrastructure plan for the northern portion of Sherwood West. The city is pursuing early initiatives on a potential application to Metro for the expansion of all or part of Sherwood West into the UGB in 2024.

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. The Brookman and Sherwood West Concept Plan areas will continue to serve needed housing units once properties in Brookman annex into the City and when Sherwood West is brought into Metro's Urban Growth Boundary. No sanitary sewer line is available to serve the new Sherwood High School, Sherwood West Planning area, the Brookman Concept Area, or the Urban Reserve Areas south of Brookman Road. The Clean Water Services, Brookman Sanitary Sewer Project, will provide a new sewer trunk line to serve all these areas. This line will also be available as future properties in the area are brought into the City of Sherwood for development, including new residential development in the Brookman and Sherwood West Concept Plan areas. It is anticipated that once this line is completed, more properties in the Brookman Concept Plan area will annex into the City for residential development. Since 2018, roughly half of the Brookman Concept Plan area has been annexed into the city and approved for roughly 300 residential lots.

CRITICAL FINANCIAL INFORMATION

Budget: The total City budget for Fiscal Year 2023 (FY23) is \$104.9 million. Only \$17.0 million (16.2%) of the revenue supporting the budget is available for general purposes. The remaining portion of the budget (\$87.9 million) is constrained by statute or loan covenants to specific purposes, primarily infrastructure construction and maintenance.

Debt: As of June 30, 2023, the city had outstanding notes payable of \$68.2 million, and outstanding leases of \$0.2 million. Total debt was \$68.4 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, 2023. 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, 2022. This was the eleventh 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 2022-23. This was the 21st 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,

Signature



Craig Sheldon
City Manager, Pro Tem



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, 2022

Christopher P. Morill

Executive Director/CEO

**CITY OF SHERWOOD
Sherwood, Oregon**

**CITY OFFICIALS
JUNE 30, 2023**

ELECTED OFFICIALS

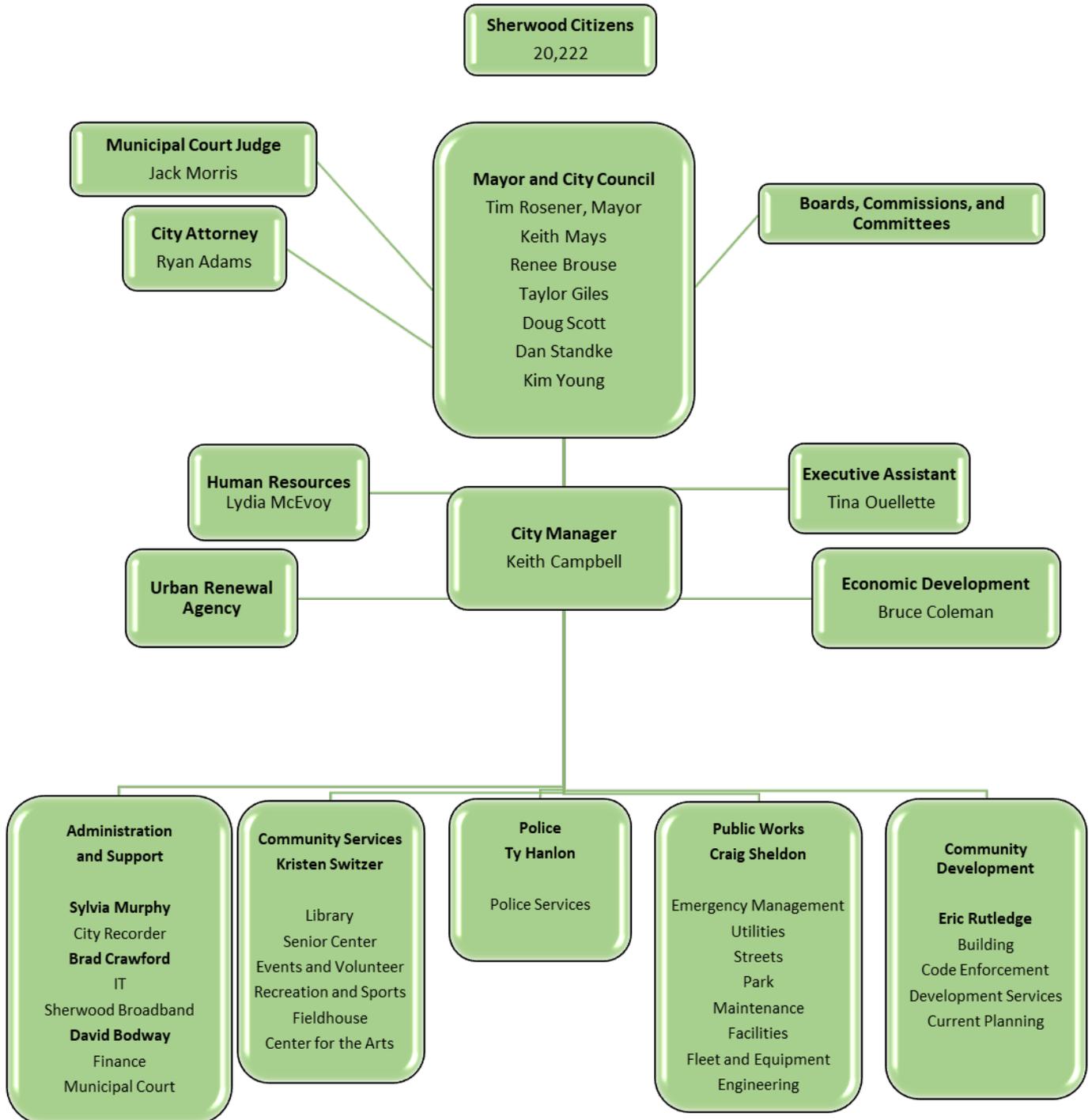
Name	Term Expires
Mayor Tim Rosener	January 2025
Councilor Keith Mays	January 2027
Councilor Renee Brouse	January 2025
Councilor Taylor Giles	January 2027
Councilor Doug Scott	January 2027
Councilor Dan Standke	January 2025
Councilor Kim Young	January 2025

PRINCIPAL ADMINISTRATIVE OFFICIALS

Name	Title
Keith Campbell	City Manager
David Bodway III, Executive MPA	Finance Director
Ryan Adams	City Attorney

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

2023 CITY OF SHERWOOD ORGANIZATION CHART



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



Talbot, Korvola & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150 Portland, OR 97224
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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Governmental Auditing Standards*). 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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, as listed in the Table of Contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 Other Supplementary 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, Other Information, 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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 April 29, 2024 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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
April 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This section of the City of Sherwood's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023 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, 2023 (FY23). 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 FY23 by \$216.3 million (net position). Of this amount, \$8.1 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position).
- Current assets were \$89.3 million at the end of FY23. Of that amount, \$84.3 million (94%) of current assets were in cash and investments. Sherwood's current assets decreased by \$14.5 million (14.0%) during FY23. This is due to the start of some large capital projects the city has undertaken.
- Sherwood had capital and long-term assets (net of depreciation) of \$216.5 million at the end of FY23. Sherwood's capital and long-term assets increased by \$33.5 million during FY23. The primary reasons for the change is on-going projects, broadband expansion, completion of several recent capital asset additions and projects continuing in the 2021 Urban Renewal Agency.

At the Consolidated Fund Level

- In the aggregate, the governmental funds' ending fund balance was \$44.6 million, a decrease of approximately \$4.7 million (9.7%) for the fiscal year.
- In the aggregate, the proprietary funds' ending fund balance equivalent, *Net Position*, was \$124.4 million, an increase of \$14.6 million (13.3%), for the fiscal year.
- Total property tax revenue was \$9.4 million, a decrease of \$0.9 million (9.0%), 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, 2023

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, 2023.

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, 2023**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Statement of Net Position

Table 1 shows that the City's total net position increased from \$188.8 million to \$216.3 million during FY23. This was an increase of \$27.5 million or 14.6%.

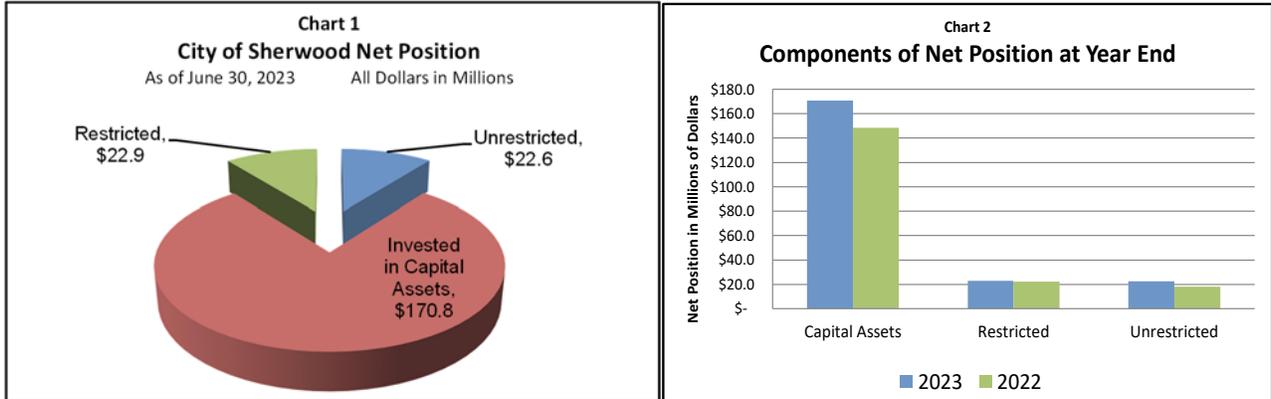
Table 1						
Sherwood's Net Position						
At Fiscal Year End (June 30, 2023 and 2022)						
<i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS:						
Current assets	\$ 47.6	\$ 54.0	\$ 42.9	\$ 49.8	\$ 89.3	\$ 103.8
Long-term assets	1.7	1.2	1.3	1.3	3.0	2.6
Capital assets	<u>85.8</u>	<u>72.4</u>	<u>127.7</u>	<u>108.1</u>	<u>213.5</u>	<u>180.5</u>
TOTAL ASSETS	<u>135.0</u>	<u>127.5</u>	<u>171.9</u>	<u>159.2</u>	<u>305.9</u>	<u>286.9</u>
DEFERRED OUTFLOWS:	<u>6.2</u>	<u>6.3</u>	<u>1.3</u>	<u>1.2</u>	<u>7.5</u>	<u>7.5</u>
LIABILITIES:						
Current liabilities	3.4	5.8	5.8	6.3	9.2	12.0
Long-term liabilities	<u>40.6</u>	<u>40.9</u>	<u>42.0</u>	<u>42.8</u>	<u>82.7</u>	<u>83.7</u>
TOTAL LIABILITIES	<u>44.0</u>	<u>46.7</u>	<u>47.8</u>	<u>49.1</u>	<u>91.9</u>	<u>95.8</u>
DEFERRED INFLOWS:	<u>5.4</u>	<u>8.4</u>	<u>0.8</u>	<u>1.3</u>	<u>6.2</u>	<u>9.7</u>
NET POSITION:						
Invested in capital assets	75.8	65.9	95.0	82.6	170.8	148.5
Restricted	14.2	14.4	8.7	7.9	22.9	22.3
Unrestricted	<u>1.9</u>	<u>(1.5)</u>	<u>20.7</u>	<u>19.5</u>	<u>22.6</u>	<u>18.0</u>
TOTAL NET POSITION	<u>\$ 91.8</u>	<u>\$ 78.8</u>	<u>\$ 124.4</u>	<u>\$ 110.0</u>	<u>\$ 216.3</u>	<u>\$ 188.8</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 \$170.8 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 \$22.9 million relates to amounts that are legally restricted for specific future obligations. Unrestricted net position of \$22.6 million is available to meet the City's on-going obligations.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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 2023 and 2022. 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 \$6.0 million (20.8%) primarily due to the increase in operating grants/contributions. Operating grants/contributions increased mainly due to the City's decision to fund Public Safety operations with the \$4.4 million received in American Rescue Plan Act (ARPA) dollars. Total expenses decreased \$0.1 million (0.1%) in FY23 mainly in response to open positions and project delays.

Proprietary Activities

- Overall revenue increased from the prior year by \$4.7 million (23.2%).
 - Charges for services increased by \$1.1 million (10.8%) mainly due to an increase in utility rate payer revenue.
 - Capital contributions increased by \$2.8 million (30.1%) due to increased development activity resulting in increased System Development Charges (SDCs).
- Expenses remained consistent in FY23.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table 2						
Statement of Activities						
For the Fiscal Years Ending (June 30, 2023 and 2022)						
<i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 5.4	\$ 8.2	\$ 11.3	\$ 10.2	\$ 16.7	\$ 18.3
Operating grants/contributions	8.8	2.1	1.2	1.0	9.9	3.1
Capital grants/contributions	7.1	6.1	12.1	9.3	19.2	15.4
<u>General revenues</u>						
Property taxes	9.3	10.3	-	-	9.3	10.3
Franchise fees	2.4	2.2	-	-	2.4	2.2
Other general revenue	1.9	0.1	0.5	(0.2)	2.4	(0.1)
Total revenues	<u>34.9</u>	<u>28.9</u>	<u>25.0</u>	<u>20.3</u>	<u>59.9</u>	<u>49.2</u>
Expenses						
<u>Governmental Activities</u>						
Administration	3.7	2.9	-	-	3.7	2.9
Community development	1.1	3.2	-	-	1.1	3.2
Public safety	6.0	4.8	-	-	6.0	4.8
Community services	3.0	2.7	-	-	3.0	2.7
Public works	7.0	7.4	-	-	7.0	7.4
Interest on long-term debt	0.9	0.9	-	-	0.9	0.9
<u>Business-Type Activities</u>						
Water	-	-	5.2	4.0	5.2	4.0
Sanitary	-	-	1.0	0.9	1.0	0.9
Storm	-	-	1.6	1.6	1.6	1.6
Broadband	-	-	2.7	3.8	2.7	3.8
Total expenses	<u>21.8</u>	<u>21.9</u>	<u>10.5</u>	<u>10.3</u>	<u>32.2</u>	<u>32.2</u>
Change in net position	13.1	7.0	14.5	10.0	27.7	17.0
Beginning 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>
Ending Net Position	\$ 91.8	\$ 78.8	\$ 124.4	\$ 110.0	\$ 216.3	\$ 188.8

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS

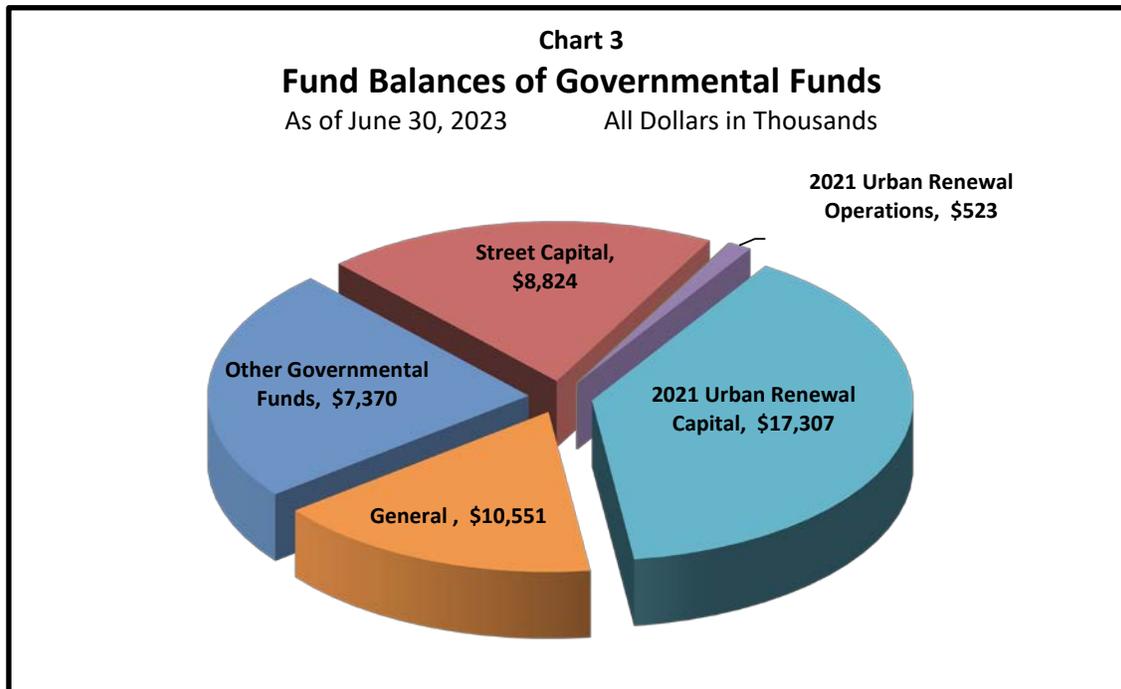
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and accounting standards. While there are numerous ways of categorizing funds, for simplicity sake, this report will continue the format initiated above, using the *Governmental* activities and *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 decreased by \$4.7 million (9.5%).

Table 3							
Governmental Funds: Changes in Fund Balance							
Fiscal Year 2023							
<i>On a Modified Accrual Basis - In Thousands of Dollars</i>							
	General	Street Capital	Urban Renewal Operations	2021 Urban Renewal Operations	2021 Urban Renewal Capital	Other Governmental Funds	Totals
Beginning Fund Balances	\$ 7,432	\$ 6,822	\$ 3,549	\$ 860	\$ 24,963	\$ 5,714	\$ 49,340
Change in Fund Balances	3,119	2,003	(3,549)	(337)	(7,656)	1,656	(4,765)
Ending Fund Balances June 30, 2023	\$10,551	\$ 8,824	\$ -	\$ 523	\$ 17,307	\$ 7,370	\$ 44,575



CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

Governmental Funds in Total (Continued)

- The General Fund increased 41.9% due to open positions and the use of ARPA dollars to fund Public Safety Services.
- The Street Capital Fund increased by 29.3% due mainly to limited construction activity in FY23. In this fund, revenue is generated and spent on projects, but not necessarily in the same fiscal year. It is normal for projects to fluctuate year over year.
- The Urban Renewal Operations fund decreased 100%. This was due to all outstanding debt being extinguished and this URA wrapping up operations.
- The 2021 Urban Renewal Operations Fund decreased 39.2% due to ongoing debt service payments and limited property tax revenues.
- The 2021 Urban Renewal Capital Fund decreased 30.6% due to ongoing capital projects and the use of bond proceeds to fund these various projects.

CITY OF SHERWOOD, OREGON

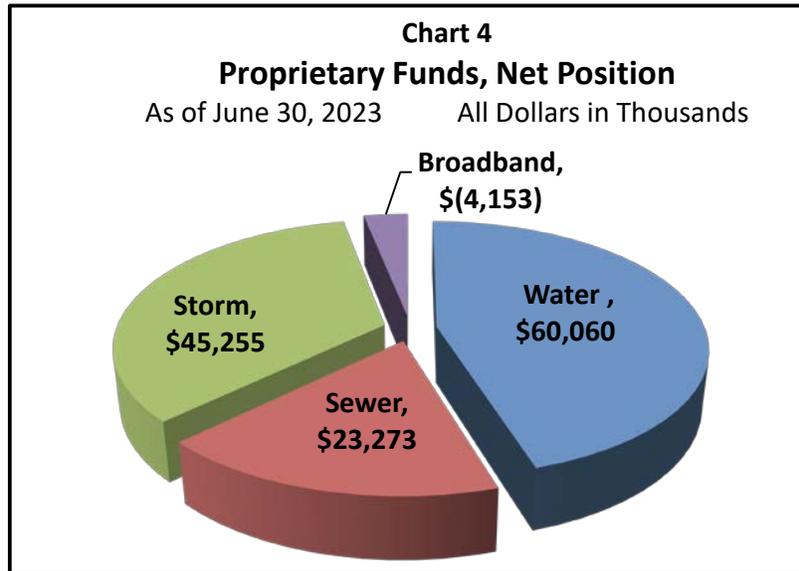
**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 \$124.6 million, \$14.6 million (13.3%) higher than last year.

Table 4					
Proprietary Funds, Changes in Net Position					
Fiscal Year 2023					
	<i>On an Accrual Basis</i>		<i>In Thousands of Dollars</i>		
	Water	Sewer	Storm	Broadband	Totals
Beginning Net Position	\$ 55,880	\$ 21,092	\$ 35,681	\$ (2,625)	\$ 110,029
Prior Period Adjustment	-	-	(153)	-	(153)
Change in Net Position	<u>4,180</u>	<u>2,181</u>	<u>9,727</u>	<u>(1,528)</u>	<u>14,560</u>
Net Position June 30, 2023	<u>\$ 60,060</u>	<u>\$ 23,273</u>	<u>\$ 45,255</u>	<u>\$ (4,153)</u>	<u>\$ 124,435</u>



- Water – increase due to revenue from utility rates, while operating expenses 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, 2023

4. GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget. The General Fund budgetary schedule (on page 81) shows that during the year City Council approved appropriation transfers resulting in a net increase in expenditure appropriations of \$415,448.

Final Budget Compared to Actual Results. The year-end fund balance was \$1.4 million higher than budgeted with major variances as follows.

- Revenue came in \$4.0 million over budget due mainly to the use of ARPA dollars to fund Public Safety services.
- Expenditures were carefully controlled in all divisions which led to about \$1.6 million in savings.

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, 2023**

5. CAPITAL ASSETS

Government wide, capital assets increased to \$213.5 million in FY23. This was an increase of \$33.0 million (18.2%).

Table 5						
Government Wide Capital Assets						
Net of Depreciation						
For the Fiscal Years Ending (June 30, 2023 and 2022)						
<i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 15.8	\$ 13.1	\$ 0.2	\$ 0.2	\$ 16.1	\$ 13.4
Intangibles	10.0	7.2	13.5	6.8	23.5	14.0
Construction In Progress	10.6	4.7	14.6	5.5	25.2	10.3
Infrastructure	23.8	24.1	99.0	95.0	122.7	119.0
Buildings & Improvements	21.2	21.3	0.0	0.0	21.2	21.4
Machinery and Equipment	1.8	0.7	0.1	0.6	1.9	1.3
Vehicles	1.9	1.1	0.0	0.0	2.0	1.1
Right of Use	0.5	0.0	0.3	0.0	0.8	0.0
Total Capital Assets	\$ 85.7	\$ 72.3	\$ 127.7	\$ 108.1	\$ 213.5	\$ 180.5
Accumulated Depreciation	\$ 94.0	\$ 89.9	\$ 21.5	\$ 20.6	\$ 115.5	\$ 110.5

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

Governmental Activities:

- CWIP Infrastructure: \$5.9 million
- Land: \$2.7 million
- Intangibles: \$2.8

Proprietary Activities:

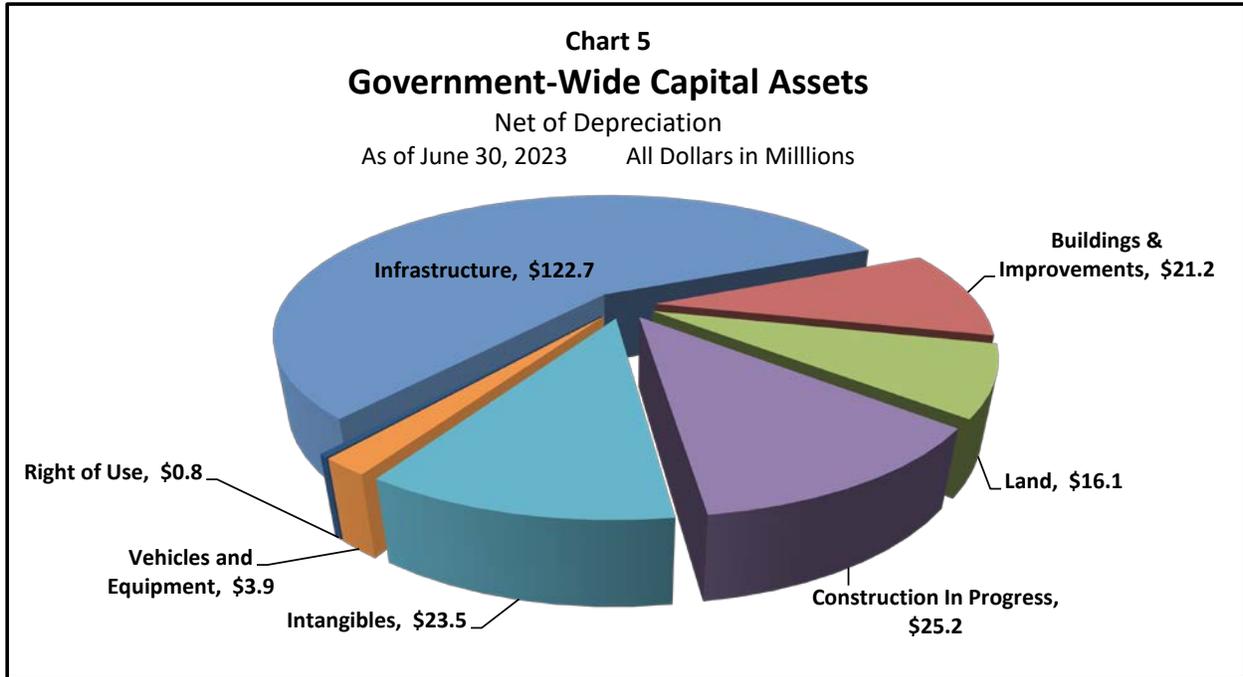
- Water, Storm water and Broadband improvements: \$4.0 million
- CWIP: \$9.1 million
- Intangibles: \$6.7 million

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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. of the Notes to Basic Financial Statements.



CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

6. DEBT OUTSTANDING

On June 30, 2023, the City had long term debt obligations of \$69.24 million. Of this amount, \$27.34 million will be serviced by tax increment revenues and \$40.88 million is categorized as full faith and credit obligations but is being serviced from utility rate revenue. Additional information regarding the City's long-term obligations may be found in Note II.F. of the Notes to Basic Financial Statements.

Table 6						
Outstanding Debt at Fiscal Year End						
For the Fiscal Years Ending (June 30, 2023 and 2022)						
<i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Full Faith and Credit	\$ -	\$ -	\$40.88	\$ 42.55	\$40.88	\$ 42.55
General Obligation Bonds	-	-	-	-	-	-
Tax Increment Revenue	27.34	31.92	-	-	27.34	31.92
Leases and Subscriptions	0.61	-	0.41	0.10	1.02	0.10
Total Outstanding Debt	\$27.95	\$ 31.92	\$41.29	\$ 42.65	\$69.24	\$ 74.57

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.

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.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 44,992,779	\$ 39,324,828	\$ 84,317,607
Internal balances	(1,142,567)	1,142,567	-
Receivables, net	1,406,634	2,329,936	3,736,570
Lease receivable, current portion	126,614	-	126,614
Prepays	2,173,647	75,391	2,249,038
Total current assets	47,557,107	42,872,722	89,297,042
Noncurrent assets:			
Lease receivable, noncurrent portion	1,502,157	-	1,502,157
Investment in joint ventures	-	1,260,453	1,260,453
Net other post employment benefits asset	191,583	54,556	246,139
Capital assets:			
Land, improvements and construction in progress	36,473,351	28,287,060	64,760,411
Other capital assets, net	49,312,699	99,438,290	148,750,989
Total noncurrent assets	87,479,790	129,040,359	216,520,149
TOTAL ASSETS	135,036,897	171,913,081	305,943,315
DEFERRED OUTFLOWS			
Pension	6,128,430	1,278,584	7,407,014
Other Post Employment Benefits	78,996	22,496	101,492
TOTAL DEFERRED OUTFLOWS	6,207,426	1,301,080	7,508,506
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	1,889,930	2,306,767	4,196,697
Payroll payable	753,912	177,755	931,667
Unearned revenue	-	1,330,645	1,330,645
Accrued interest	69,052	90,607	159,659
Current portion of long-term obligations	685,937	2,032,937	2,718,874
Total current liabilities	3,398,831	5,938,711	9,337,542
Noncurrent liabilities:			
Net pension liability	11,850,370	2,472,364	14,322,734
Total other post employment benefits obligation	576,345	164,124	740,469
Noncurrent portion of long-term obligations	28,201,283	39,409,132	67,610,415
Total noncurrent liabilities	40,627,998	42,045,620	82,673,618
TOTAL LIABILITIES	44,026,829	47,984,331	92,011,160
DEFERRED INFLOWS			
Pension	3,593,121	749,639	4,342,760
Other post employment benefits	155,928	44,403	200,331
Lease resources	1,628,771	-	1,628,771
TOTAL DEFERRED INFLOWS	5,377,820	794,042	6,171,862
NET POSITION:			
Net investment in capital assets	75,763,244	95,019,907	170,783,151
Restricted for:			
Capital projects	7,741,633	8,663,454	16,405,087
Street and roadside maintenance	4,518,809	-	4,518,809
Urban renewal projects	1,269,537	-	1,269,537
Tourism	368,616	-	368,616
Grants	134,099	-	134,099
OPEB Asset	191,583	54,556	246,139
Unrestricted (Deficit)	1,852,156	20,697,872	22,550,028
TOTAL NET POSITION	\$ 91,839,677	\$ 124,435,790	\$ 216,275,467

See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
Administration	\$ 3,720,487	\$ 132,538	\$ 775,204	\$ 703,467	\$ (2,109,278)	\$ -	\$ (2,109,278)
Community Development	1,139,762	2,716,865	31,771	-	1,608,874	-	1,608,874
Public Safety	6,026,875	1,164,136	4,515,413	120,895	(226,431)	-	(226,431)
Community Services	2,981,069	457,963	1,114,488	-	(1,408,618)	-	(1,408,618)
Public Works	7,017,043	965,707	2,323,901	6,248,742	2,521,307	-	2,521,307
Interest on long-term obligations	905,940	-	-	-	(905,940)	-	(905,940)
Total governmental activities	21,791,176	5,437,209	8,760,777	7,073,104	(520,086)	-	(520,086)
Business-Type activities:							
Water	5,164,799	7,045,802	-	1,736,998	-	3,618,001	3,618,001
Sewer	999,543	860,879	823,368	1,428,337	-	2,113,041	2,113,041
Storm	1,589,369	2,377,889	-	8,822,379	-	9,610,899	9,610,899
Broadband	2,703,586	970,005	334,355	96,000	-	(1,303,226)	(1,303,226)
Total business-type activities	10,457,297	11,254,575	1,157,723	12,083,714	-	14,038,715	14,038,715
Total	\$ 32,248,473	\$ 16,691,784	\$ 9,918,500	\$ 19,156,818	(520,086)	14,038,715	13,518,629
GENERAL REVENUES							
Property taxes					9,349,892	-	9,349,892
Franchise fees and taxes					2,415,789	-	2,415,789
Unrestricted interest earnings					1,215,216	1,029,286	2,244,502
Gain (Loss) on disposal of assets					(52,420)	13,163	(39,257)
Miscellaneous					127,247	1,235	128,482
TRANSFERS IN(OUT)					522,701	(522,701)	-
TOTAL GENERAL REVENUES AND TRANSFERS					13,578,425	520,983	14,099,408
CHANGE IN NET POSITION					13,058,339	14,559,698	27,618,037
NET POSITION, June 30, 2022					78,781,338	110,028,707	188,810,045
PRIOR PERIOD ADJUSTMENT					-	(152,615)	(152,615)
NET POSITION, June 30, 2023					\$ 91,839,677	\$ 124,435,790	\$ 216,275,467

See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

	General Fund	Street Capital Fund	Urban Renewal Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Nonmajor Governmental Funds	Totals
ASSETS:							
Cash and investments	\$ 11,465,992	\$ 9,243,275	\$ -	\$ 523,716	\$ 16,653,456	\$ 7,106,343	\$ 44,992,779
Due from other funds	-	-	-	-	-	-	-
Receivables	1,034,503	-	-	8,541	-	363,590	1,406,634
Lease receivable	1,628,771	-	-	-	-	-	1,628,771
Prepays	106,164	-	-	502	2,060,730	6,251	2,173,647
TOTAL ASSETS	\$ 14,235,430	\$ 9,243,275	\$ -	\$ 532,759	\$ 18,714,186	\$ 7,476,184	\$ 50,201,834
LIABILITIES:							
Accounts payable	\$ 881,996	\$ 103,689	\$ -	\$ 320	\$ 203,461	\$ 39,847	\$ 1,229,313
Due to other funds	-	-	-	-	1,142,567	-	1,142,567
Payroll payable	716,365	2,625	-	1,359	2,914	30,649	753,912
Other current liabilities	276,367	312,760	-	-	58,572	12,918	660,617
TOTAL LIABILITIES	1,874,728	419,074	-	1,679	1,407,514	83,414	3,786,409
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue, leases	1,628,771	-	-	-	-	-	1,628,771
Unavailable revenue, misc	120,895	-	-	-	-	22,470	143,365
Unavailable revenue, property taxes	59,868	-	-	8,541	-	-	68,409
TOTAL DEFERRED INFLOWS OF RESOURCES	1,809,534	-	-	8,541	-	22,470	1,840,545
FUND BALANCES:							
Nonspendable in form	106,164	-	-	502	2,060,730	-	2,167,396
Restricted for:							
Capital Projects	-	6,023,609	-	-	-	1,718,024	7,741,633
Street Maintenance	-	-	-	-	-	4,518,809	4,518,809
Urban Renewal Projects	-	-	-	522,037	15,245,942	-	15,767,979
Tourism	-	-	-	-	-	368,616	368,616
Grants	-	-	-	-	-	134,099	134,099
Committed to:							
Capital Projects	-	712,384	-	-	-	410,850	1,123,234
School District	49,216	-	-	-	-	-	49,216
Assigned to:							
Risk Management	28,322	-	-	-	-	-	28,322
Capital Projects	-	2,088,208	-	-	-	219,902	2,308,110
Fleet Replacement	84,870	-	-	-	-	-	84,870
Subsequent Years Appropriation of Fund Balance	6,321,310	-	-	-	-	-	6,321,310
Unassigned	3,961,286	-	-	-	-	-	3,961,286
TOTAL FUND BALANCES	10,551,168	8,824,201	-	522,539	17,306,672	7,370,300	44,574,880
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,235,430	\$ 9,243,275	\$ -	\$ 532,759	\$ 18,714,186	\$ 7,476,184	\$ 50,201,834

CITY OF SHERWOOD
Sherwood, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCE		\$ 44,574,880
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	\$ 179,747,692	
Accumulated depreciation	<u>(93,961,642)</u>	85,786,050
Other post employment benefit assets are not financial resources for budgetary purposes and are therefore not reported in the governmental funds		
		191,583
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.		
		211,774
Deferred Inflows - Pension		(3,593,121)
Deferred Inflows - Other Post Employment Benefits		(155,928)
Deferred Outflows - Pension		6,128,430
Deferred Outflows - Other Post Employment Benefits		78,996
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		
		(936,354)
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, subscriptions, and leases payable	\$ (24,224,171)	
Premium on bonds	(3,726,695)	
Pension liability	(11,850,370)	
OPEB liability	(576,345)	
Accrued interest payable	<u>(69,052)</u>	<u>(40,446,633)</u>
TOTAL NET POSITION		\$ <u>91,839,677</u>

CITY OF SHERWOOD
Sherwood, Oregon

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

	General Fund	Street Capital Fund	Urban Renewal Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Other Nonmajor Governmental Funds	Totals
REVENUES:							
Property Taxes	\$ 7,450,324	\$ -	\$ 1,354,739	\$ 594,413	\$ -	\$ -	\$ 9,399,476
Franchises and fees	2,389,192	-	-	-	-	26,597	2,415,789
Intergovernmental	6,497,469	-	-	-	-	2,323,901	8,821,370
Charges for services	3,387,240	62,888	-	-	-	835,594	4,285,722
Infrastructure development fees	-	2,194,561	-	-	-	703,467	2,898,028
Fines and forfeitures	1,151,486	-	-	-	-	-	1,151,486
Interest on investments	155,324	148,557	78,874	20,659	590,826	220,976	1,215,216
Miscellaneous	104,777	-	-	-	-	-	104,777
TOTAL REVENUES	21,135,812	2,406,006	1,433,613	615,072	590,826	4,110,535	30,291,864
EXPENDITURES:							
Current:							
Administration	2,901,268	-	359,543	79,554	1,100,562	-	4,440,927
Community Development	1,846,402	-	-	-	-	-	1,846,402
Public Safety	6,011,407	-	-	-	-	-	6,011,407
Community Services	2,949,283	-	-	-	-	-	2,949,283
Public Works	1,669,869	27,857	-	1,508	-	1,439,106	3,138,340
Noncurrent							
Capital Outlay	2,813,548	464,880	-	-	7,146,399	806,848	11,231,675
Debt Service - Principal	228,147	-	4,385,000	-	-	-	4,613,147
Debt Service - Interest	6,844	-	238,408	871,488	-	-	1,116,740
TOTAL EXPENDITURES	18,426,768	492,737	4,982,951	952,550	8,246,961	2,245,954	35,347,921
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,709,044	1,913,269	(3,549,338)	(337,478)	(7,656,135)	1,864,581	(5,056,057)
OTHER FINANCING SOURCES (USES)							
Proceeds from lease financing	54,750	-	-	-	-	-	54,750
Proceeds from subscription financing	195,601	-	-	-	-	-	195,601
Proceeds from sale of capital assets	22,319	-	-	-	-	18,186	40,505
Transfers in	137,393	750,000	-	-	-	660,718	1,548,111
Transfers out	-	(660,718)	-	-	-	(887,393)	(1,548,111)
TOTAL OTHER FINANCING SOURCES (USES)	410,063	89,282	-	-	-	(208,489)	290,856
NET CHANGE IN FUND BALANCES	3,119,107	2,002,551	(3,549,338)	(337,478)	(7,656,135)	1,656,092	(4,765,201)
FUND BALANCES - beginning of year	7,432,061	6,821,650	3,549,338	860,017	24,962,807	5,714,208	49,340,081
FUND BALANCES - end of year	\$ 10,551,168	\$ 8,824,201	\$ -	\$ 522,539	\$ 17,306,672	\$ 7,370,300	\$ 44,574,880

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, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (4,765,201)
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>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:</p>		
Expenditures capitalized	\$ 12,332,579	
Gain (Loss) on disposal/transfer of capital assets	429,776	
Depreciation and amortization	<u>(3,904,680)</u>	8,857,675
Contributions of capital assets are not recorded as revenues in the fund statements		3,993,588
Proceeds from financing of bonds, loans, leases, and subscriptions are revenues in the governmental funds, but increase liabilities in the Statement of Net Position		(248,851)
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.		93,781
Principal payments on long-term obligations are expenditures in the governmental funds, but reduce long-term liabilities in the Statement of Net Position.		
Principal on lease financing	7,015	
Principal on subscription financing	228,147	
Principal on bonds and notes	<u>4,580,480</u>	4,815,642
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	398,621	
OPEB Expense	10,346	
Accrued interest	15,320	
Compensated absences	<u>(112,582)</u>	<u>311,705</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 13,058,339</u>

CITY OF SHERWOOD
Sherwood, Oregon

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Water	Sewer	Storm	Broadband	Totals
ASSETS:					
Current assets:					
Cash and investments	\$ 24,689,797	\$ 3,968,765	\$ 7,933,071	\$ 2,733,195	\$ 39,324,828
Due from other funds	-	-	-	1,142,567	1,142,567
Receivables, net	1,294,847	647,720	287,921	99,448	2,329,936
Prepays	32,165	12,082	16,617	14,527	75,391
Total current assets	26,016,809	4,628,567	8,237,609	3,989,737	42,872,722
Noncurrent assets:					
Investment in joint ventures	1,260,453	-	-	-	1,260,453
Net other post employment benefits asset	12,995	4,869	10,691	26,001	54,556
Land, improvements and construction in progress	7,334,932	3,879,035	11,701,830	5,371,263	28,287,060
Other capital assets, net	51,856,993	15,903,028	25,968,842	5,709,427	99,438,290
Total noncurrent assets	60,465,373	19,786,932	37,681,363	11,106,691	129,040,359
TOTAL ASSETS	86,482,182	24,415,499	45,918,972	15,096,428	171,913,081
DEFERRED OUTFLOWS :					
Pension	351,016	141,112	266,548	519,908	1,278,584
Other post employment benefits	5,360	2,007	4,408	10,721	22,496
TOTAL DEFERRED OUTFLOWS	356,376	143,119	270,956	530,629	1,301,080
LIABILITIES:					
Current liabilities:					
Accounts payable and other current liabilities	1,219,391	853,069	134,859	99,448	2,306,767
Payroll payable	41,444	20,524	28,976	86,811	177,755
Unearned revenue	-	-	-	1,330,645	1,330,645
Accrued interest payable	61,981	-	-	28,626	90,607
Current Portion:					
Accrued compensated absences	14,053	7,166	12,245	25,023	58,487
Loans payable	1,631,575	-	-	121,772	1,753,347
Leases payable	-	-	-	52,238	52,238
Subscriptions payable	47,657	9,931	13,571	97,706	168,865
Total current liabilities	3,016,101	890,690	189,651	1,842,269	5,938,711
Long-term liabilities:					
Noncurrent Portion:					
Accrued compensated absences	21,079	10,749	18,367	37,534	87,729
Loans payable	22,771,422	-	-	16,353,848	39,125,270
Subscriptions payable	35,289	10,132	13,509	137,203	196,133
Total pension liability	678,748	272,867	515,417	1,005,332	2,472,364
Net other post employment benefits obligation	39,096	14,648	32,161	78,219	164,124
Total long-term liabilities	23,545,634	308,396	579,454	17,612,136	42,045,620
TOTAL LIABILITIES	26,561,735	1,199,086	769,105	19,454,405	47,984,331
DEFERRED INFLOWS:					
Pension	205,801	82,735	156,279	304,824	749,639
Other post employment benefits	10,579	3,962	8,700	21,162	44,403
TOTAL DEFERRED INFLOWS	216,380	86,697	164,979	325,986	794,042
NET POSITION:					
Net investment in capital assets	41,410,316	19,762,000	37,643,592	(3,796,001)	95,019,907
Restricted for capital improvements	5,569,219	2,479,480	614,755	-	8,663,454
Restricted OPEB asset	12,995	4,869	10,691	26,001	54,556
Unrestricted	13,067,914	1,026,486	6,986,806	(383,334)	20,697,872
TOTAL NET POSITION	\$ 60,060,444	\$ 23,272,835	\$ 45,255,844	\$ (4,153,334)	\$ 124,435,790

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, 2023

	Water	Sewer	Storm	Broadband	Totals
OPERATING REVENUES:					
Charges for services	\$ 7,045,802	\$ 860,879	\$ 2,377,889	\$ 970,005	\$ 11,254,575
Intergovernmental	-	823,368	-	334,355	1,157,723
Miscellaneous	1,235	-	-	-	1,235
TOTAL OPERATING REVENUES	<u>7,047,037</u>	<u>1,684,247</u>	<u>2,377,889</u>	<u>1,304,360</u>	<u>12,413,533</u>
OPERATING EXPENSES:					
Personnel services	890,461	304,846	639,027	1,281,655	3,115,989
Materials and services	2,764,098	506,735	625,303	861,773	4,757,909
Depreciation and Amortization	799,361	187,962	325,039	196,135	1,508,497
TOTAL OPERATING EXPENSES	<u>4,453,920</u>	<u>999,543</u>	<u>1,589,369</u>	<u>2,339,563</u>	<u>9,382,395</u>
OPERATING INCOME (LOSS)	<u>2,593,117</u>	<u>684,704</u>	<u>788,520</u>	<u>(1,035,203)</u>	<u>3,031,138</u>
NONOPERATING INCOME (EXPENSE):					
Interest expense	(670,453)	-	-	(364,023)	(1,034,476)
Interest earnings	582,775	83,108	150,160	213,243	1,029,286
Loss in equity in joint ventures	(40,426)	-	-	-	(40,426)
Gain on disposal of assets	3,949	3,291	3,949	1,974	13,163
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(124,155)</u>	<u>86,399</u>	<u>154,109</u>	<u>(148,806)</u>	<u>(32,453)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>2,468,962</u>	<u>771,103</u>	<u>942,629</u>	<u>(1,184,009)</u>	<u>2,998,685</u>
Capital Contributions - System development fees	695,673	243,713	101,346	-	1,040,732
Capital Contributions - Contributed assets	1,041,325	1,184,624	8,721,033	96,000	11,042,982
Transfers to/from other funds	(25,928)	(18,375)	(37,942)	(440,456)	(522,701)
CHANGE IN NET POSITION	<u>4,180,031</u>	<u>2,181,065</u>	<u>9,727,066</u>	<u>(1,528,465)</u>	<u>14,559,698</u>
NET POSITION, June 30, 2022	55,880,413	21,091,770	35,681,393	(2,624,869)	110,028,707
PRIOR PERIOD ADJUSTMENT	-	-	(152,615)	-	(152,615)
NET POSITION, June 30, 2023	<u>\$ 60,060,444</u>	<u>\$ 23,272,835</u>	<u>\$ 45,255,844</u>	<u>\$ (4,153,334)</u>	<u>\$ 124,435,790</u>

See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Water	Sewer	Storm	Broadband	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 6,548,598	\$ 1,519,862	\$ 2,293,933	\$ 934,716	\$ 11,297,109
Payments to suppliers	(2,579,630)	(292,216)	(593,406)	(1,547,188)	(5,012,440)
Payments to employees	(885,675)	(345,856)	(677,610)	(1,028,566)	(2,937,707)
NET CASH FROM OPERATING ACTIVITIES	3,083,293	881,790	1,022,917	(1,641,038)	3,346,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets, net of disposal	(3,989,446)	(942,820)	(97,360)	(5,192,309)	(10,221,935)
Sale of capital assets	3,949	3,291	3,949	1,974	13,163
Proceeds from interfund loans	-	-	-	(1,644,607)	(1,644,607)
System development charges	695,673	243,713	101,346	-	1,040,732
Principal paid on long-term obligations	(1,599,332)	(9,594)	(13,127)	(231,039)	(1,853,092)
Interest paid on long-term obligations	(707,933)	-	-	(364,023)	(1,071,956)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(5,597,089)	(705,410)	(5,192)	(7,430,004)	(13,737,695)
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Contributions to joint ventures	(31,167)	-	-	-	(31,167)
Interfund loan distribution	-	-	-	(1,142,567)	(1,142,567)
Interest earnings (loss)	582,775	83,108	150,160	213,007	1,029,050
NET CASH FROM INVESTING ACTIVITIES	551,608	83,108	150,160	(929,560)	(144,684)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,962,190)	259,488	1,167,885	(10,000,602)	(10,535,419)
CASH AND CASH EQUIVALENTS, beginning of year	26,651,987	3,709,277	6,765,186	12,733,797	49,860,247
CASH AND CASH EQUIVALENTS, end of year	\$ 24,689,797	\$ 3,968,765	\$ 7,933,071	\$ 2,733,195	\$ 39,324,828
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,593,117	\$ 684,704	\$ 788,520	\$ (1,035,203)	\$ 3,031,138
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	799,361	187,962	325,039	196,135	1,508,497
Pension and net OPEB expense (benefit)	11,273	(46,570)	(37,591)	229,236	156,348
Decrease (increase) in assets					
Prepays	(3,384)	(2,488)	(4,031)	(1,795)	(11,698)
Receivables, net	(498,439)	(164,385)	(83,956)	(35,289)	(782,069)
Increase (decrease) in liabilities					
Accounts payable and other current liabilities	187,852	217,007	35,928	(683,620)	(242,833)
Payroll payable	916	7,958	4,941	23,937	37,752
Compensated absences payable	(7,403)	(2,398)	(5,933)	(84)	(15,818)
Unearned revenue	-	-	-	(334,355)	(334,355)
NET CASH FROM OPERATING ACTIVITIES	\$ 3,083,293	\$ 881,790	\$ 1,022,917	\$ (1,641,038)	\$ 3,346,962
Summary of non-cash transactions:					
Contributions of capital assets from developers	\$ 1,041,325	\$ 1,184,624	\$ 8,721,033	\$ 96,000	\$ 11,042,982
Equity (loss) in joint venture	(40,426)	-	-	-	(40,426)
Capital-related transfers in(out)	(25,928)	(18,375)	(37,942)	(440,456)	(522,701)
Issuance of subscriptions	130,703	29,657	40,207	297,540	498,107

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

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, 2023

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 Capital: The Street Capital Fund accounts for infrastructure development fees and other resources used for capital street improvements.

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, 2023

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 two months of the end of the current fiscal year. Property tax revenues are susceptible to accrual using the two-month window.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus and basis of accounting (Continued)

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 two-month 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.

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, 2023**

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, 2023

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)

2. *Receivables and payables (Continued)*

Accounts receivable consist of amounts due from individuals or organizations for goods and services. Delinquent receivables are turned over to an external collection agency after approximately 180 days. Accounts receivable are shown net of an allowance for uncollectible, based on management's consideration of collectability and historical trends.

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

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

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)

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.

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 inflows 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.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2023

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)

6. Subscription Based IT Arrangements

Subscription Based IT Arrangements (SBITA) are recognized in accordance with GASB Statement No. 96. This statement requires recognition of certain right-to-use (RTU) software implementation and subscription assets and associated lessee liabilities that previously were classified operating subscriptions and recognized as outflows of resources based upon the payment provisions of the contract. It establishes a single model for IT subscription accounting based upon the foundational principle that software subscriptions are financings of the right to use an underlying asset. SBITAs where the maximum possible lease term is one year or less continue to be reported as operating subscriptions. Perpetual software licenses and SBITAs that transfer ownership and contain no cancelation provisions are reported as debt by the lessee and sale of an asset by the lessor. There are no adjustments to the 2023 beginning balances to implement GASB 96 SBITAs.

The City has chosen not to implement GASB 96 for the budgetary basis of accounting.

7. 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.

8. 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.

9. 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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

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)

10. 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.

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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2023, with the exception of General Fund – Administration by \$377,356, General Fund – Debt Service by \$234,991 and Urban Renewal Operations Fund – Debt Service by \$311.

All appropriations lapse at fiscal year-end.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

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, 2023:

Cash on hand	\$	2,100
Cash with fiscal agent		797
Deposits with financial institutions		559,326
Investments		83,755,384
Total cash and investments	\$	<u>84,317,607</u>

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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments (Continued)

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 \$2,521,872. Of these time deposits and bank demand deposits, \$250,000 was covered by FDIC. For the \$2,271,872 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, 2023, are summarized below:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than 3 Months</u>	<u>4-12 Months</u>	<u>Greater than 12 Months</u>
US Treasury	\$ 36,731,127	\$ 20,402,002	\$ 10,726,391	\$ 5,602,734
Federal Agencies	\$ 13,790,230	9,914,553	-	3,875,677
State of Oregon Local Government Investment Pool	33,234,027	33,234,027	-	-
Total Investments	<u>\$ 83,755,384</u>	<u>\$ 63,550,582</u>	<u>\$ 10,726,391</u>	<u>\$ 9,478,411</u>

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, 2023, the Oregon Short-Term Fund (LGIP) is limited to \$56,763,000 per Oregon Revised Statute 294.810.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments (Continued)

4. Credit Risk (Continued)

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, 2023, 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	\$13,790,230	16.46%	100%
US Treasury	36,731,127	43.86%	100%
Oregon Short-Term Fund (LGIP)	33,234,027	39.68%	*
Total of Investments	\$83,755,384	100.00%	

* 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.

The City reports investments at fair market value. U.S. Treasury obligations are Level 1 investments and Federal Agencies are Level 2 investments. Investments in LGIP are not subject to level designation.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2023, net of allowance for uncollectible amounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Property taxes	\$ 135,621	\$ -	\$ 135,621
Court Fines	1,990,082	-	1,990,082
State Revenue	376,223	-	376,223
4th Qtr Franchise Fees	337,485	-	337,485
Miscellaneous	270,135	606,592	876,727
Utility Bills	71,275	1,385,897	1,457,172
Utility Bills for CWS	-	332,634	332,634
Broadband Utility Bills	-	102,557	102,557
Broadband	-	7,359	7,359
Gross Receivables	<u>3,180,821</u>	<u>2,435,039</u>	<u>5,615,860</u>
Less: allowance for uncollectable			
Court	(1,759,775)	-	(1,759,775)
Broadband	-	(1,791)	(1,791)
Utility Bills	(9,942)	(103,312)	(113,254)
Other	(4,470)	-	(4,470)
Net Receivables	<u>\$ 1,406,634</u>	<u>\$ 2,329,936</u>	<u>\$ 3,736,570</u>

C. Lease receivables

1. Land Leases

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 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.

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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable (Continued)

2. Building Leases

On 11/01/2017, the city entered into a 60-month lease as lessor for the use of City Hall Rental Unit. The lease ended in the previous fiscal year, with a final adjustment resulting in a negative balance that is corrected in the current fiscal year.

On 08/15/2017, the city entered into a 41-month lease as lessor for the use of an 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 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.

On 02/01/2023, City of The city entered into a 120-month lease as lessor for the use of Art Center Rental Unit CMAW. An initial lease receivable was recorded in the amount of \$660,832. As of 06/30/2023, the value of the lease receivable is \$660,832. The lessee is required to make monthly fixed payments of \$6,000. The lease has an interest rate of 2.8530%. The Building's estimated useful life was 627 months as of the contract commencement.

3. Infrastructure Leases

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 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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable (Continued)

Leases receivable activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Land				
Snyder Park - AT&T	\$ 262,788	\$ -	\$ (5,777)	\$ 257,011
Stella Olsen - Verizon	286,579	-	(8,379)	278,200
Stella Olsen - Monarch Towers	144,203	-	(13,092)	131,111
Total land lease receivable	<u>693,570</u>	<u>-</u>	<u>(27,248)</u>	<u>666,322</u>
Buildings				
City Hall Rental Unit	(2,020)	2,020	-	-
Art Center Rental Unit	163,089	-	(163,089)	-
20159 SW Roy Rogers Road	19,711	-	(8,634)	11,077
Art Center Rental Unit CMAW	-	660,832	-	660,832
Total buildings lease receivable	<u>180,780</u>	<u>662,852</u>	<u>(171,723)</u>	<u>671,909</u>
Infrastructure				
Stella Olsen - T-Mobile	92,763	-	(2,788)	89,975
Snyder Park - Vertical Bridge Holdings	182,571	32,085	(14,091)	200,565
Total infrastructure lease receivable	<u>275,334</u>	<u>32,085</u>	<u>(16,879)</u>	<u>290,540</u>
Total lease receivable	<u>\$ 1,149,684</u>	<u>\$ 694,937</u>	<u>\$ (215,850)</u>	<u>\$ 1,628,771</u>

Future maturities are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 126,614	\$ 43,442	\$ 170,056
2025	123,363	34,300	157,663
2026	120,744	31,553	152,297
2027	128,892	28,645	157,537
2028	137,616	25,538	163,154
2029 - 2033	722,121	74,002	796,123
2034 - 2038	223,461	16,004	239,465
2039 - 2041	45,960	770	46,730
Total	<u>\$ 1,628,771</u>	<u>\$ 254,254</u>	<u>\$ 1,883,025</u>

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets

1. Governmental Activities

Capital assets for governmental activities for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Deletions	Transfers and Adjustments	Balance June 30, 2023
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 13,146,703	\$ 2,693,457	\$ -	\$ -	\$ 15,840,160
Intangibles (easements)	7,211,827	2,809,765	-	-	10,021,592
Construction work in progress	4,728,164	7,153,837	-	(1,270,402)	10,611,599
Total capital assets not being depreciated	<u>25,086,694</u>	<u>12,657,059</u>	<u>-</u>	<u>(1,270,402)</u>	<u>36,473,351</u>
Capital assets being depreciated/amortization:					
Infrastructure	83,326,355	1,183,822	-	782,515	85,292,692
Buildings and improvements	48,925,249	294,994	(84,042)	458,506	49,594,707
Machinery and equipment	2,281,640	834,192	(263,444)	733,284	3,585,672
Licensed vehicles	2,649,873	1,062,982	(158,601)	360,388	3,914,642
Right of Use - IT Subscriptions	-	831,878	-	-	831,878
Right of Use - Leases	-	54,750	-	-	54,750
Total capital assets being depreciated/amortization	<u>137,183,117</u>	<u>4,262,618</u>	<u>(506,087)</u>	<u>2,334,693</u>	<u>143,274,341</u>
Less accumulated depreciation/amortization:					
Infrastructure	59,249,739	2,278,977	-	-	61,528,716
Buildings and improvements	27,579,874	891,417	(34,551)	-	28,436,740
Machinery and equipment	1,588,387	230,919	(261,176)	204,065	1,762,195
Licensed vehicles	1,510,536	246,817	(117,435)	337,524	1,977,442
Right of Use - IT Subscriptions	-	250,241	-	-	250,241
Right of Use - Leases	-	6,308	-	-	6,308
Total accumulated depreciation/amortization	<u>89,928,536</u>	<u>3,904,680</u>	<u>(413,162)</u>	<u>541,589</u>	<u>93,961,642</u>
Total capital assets being depreciated/ amortized, net	47,254,581	357,938	(92,925)	1,793,104	49,312,699
Governmental activities capital assets, net	<u>\$ 72,341,275</u>	<u>\$ 13,014,997</u>	<u>\$ (92,925)</u>	<u>\$ 522,702</u>	<u>\$ 85,786,050</u>
Governmental activities:					
Administration		\$ 283,519			
Public safety		9,617			
Community services		22,947			
Community development		94			
Public works		<u>3,588,503</u>			
Total depreciation/amortization expense - governmental activities		<u>\$ 3,904,680</u>			

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (Continued)

2. Business-Type Activities

Capital assets for business-type activities for the year ended June 30, 2023, are as follows:

	Restated Balance June 30, 2022	Additions	Deletions	Transfers and Adjustments	Balance June 30, 2023
Business-Type activities					
Capital assets not being depreciated:					
Land	\$ 224,945	\$ -	\$ -	\$ -	\$ 224,945
Intangibles (easements)	6,772,013	6,716,686	-	-	13,488,699
Construction work in progress	5,388,481	10,221,932	-	(1,036,997)	14,573,416
Total capital assets not being depreciated	<u>12,385,439</u>	<u>16,938,618</u>	<u>-</u>	<u>(1,036,997)</u>	<u>28,287,060</u>
Capital assets being depreciated/amortization:					
Infrastructure	113,368,955	4,326,295	-	1,036,999	118,732,248
Buildings and improvements	23,602	-	-	-	23,602
Machinery and equipment	2,196,672	-	(13,443)	(703,902)	1,479,327
Licensed vehicles	577,229	-	(20,091)	(360,385)	196,753
Right of Use - IT Subscriptions	-	498,108	-	-	498,108
Total capital assets being depreciated/amortization	<u>116,166,459</u>	<u>4,824,403</u>	<u>(33,534)</u>	<u>(27,288)</u>	<u>120,930,039</u>
Less accumulated depreciation/amortization:					
Infrastructure	18,424,732	1,331,487	-	-	19,756,219
Buildings and improvements	6,287	453	-	-	6,740
Machinery and equipment	1,594,681	17,825	(13,443)	(204,065)	1,394,998
Licensed vehicles	532,673	4,201	(20,091)	(337,524)	179,259
Right of Use - IT Subscriptions	-	154,532	-	-	154,532
Total accumulated depreciation/amortization	<u>20,558,372</u>	<u>1,508,497</u>	<u>(33,534)</u>	<u>(541,589)</u>	<u>21,491,746</u>
Total capital assets being depreciated/amortization, net	95,608,087	3,315,906	-	514,301	99,438,290
Business-Type activities capital assets, net	<u>\$107,993,524</u>	<u>\$ 20,254,524</u>	<u>\$ -</u>	<u>\$ (522,696)</u>	<u>\$ 127,725,350</u>
Business-Type activities:					
Water		\$ 799,361			
Sanitary		187,962			
Storm		325,039			
Broadband		<u>196,135</u>			
Total depreciation/amortization expense - business-type activities		<u>\$ 1,508,497</u>			

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

3. IT Subscription Assets

Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

E. Accounts payable and other current liabilities

Accounts payable and other current liabilities as of June 30, 2023, are as follows:

	Governmental Activities	Proprietary Activities	Total
Vendor accounts payable	\$ 1,229,293	\$ 1,880,769	\$ 3,110,062
Customer deposits	528,992	62,127	591,119
Clean Water Services fees	-	332,634	332,634
Other current liabilities	131,645	31,236	162,881
Total accounts payable and other current liabilities	<u>\$ 1,889,930</u>	<u>\$ 2,306,767</u>	<u>\$ 4,196,697</u>

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities

1. Governmental Activities

	Balance June 30, 2022	Additions	Retirements	Balances June 30, 2023	Due within one year
Governmental activities					
Direct borrowings and placements					
Bank loan	\$ 3,625,000	\$ -	\$ 3,625,000	\$ -	\$ -
Total direct borrowings and placeme	3,625,000	-	3,625,000	-	-
Other debt					
URA 2021 portion of 2021 Series A	3,975,300	-	-	3,975,300	-
URA 2021, 2021 issue Series B	19,640,000	-	-	19,640,000	-
2001 Police Facility Refunding	760,000	-	760,000	-	-
Total other debt	24,375,300	-	760,000	23,615,300	-
Total governmental debt	28,000,300	-	4,385,000	23,615,300	-
Premium on bonds	3,922,174	-	195,479	3,726,695	133,096
Other long-term liabilities					
Leases	1,670	54,750	7,015	49,405	-
Subscriptions	-	812,613	253,147	559,466	219,817
Compensated absences	823,772	162,413	49,830	936,355	333,024
Total other long-term liabilities	825,442	1,029,776	309,992	1,545,226	552,841
Governmental Activities	\$ 32,747,916	\$ 1,029,776	\$ 4,890,471	\$ 28,887,221	\$ 685,937

The liability for compensated absences, leases and subscriptions is liquidated within each individual budgetary fund. The pension and other postemployment liabilities for governmental activities are incurred and liquidated by each of the governmental type funds in prior years.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

1. Governmental Activities (continued)

Direct Borrowings and Placements - Governmental Activities

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. This loan was repaid in the current fiscal year.

Other Debt - Governmental Activities

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, 2023, 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
2024	\$ -	\$ 85,888	\$ 85,888
2025	-	85,888	85,888
2026	-	85,888	85,888
2027	240,450	85,888	326,338
2028	243,600	82,724	326,324
2029-2033	1,277,850	353,137	1,630,987
2034-2038	1,415,400	217,804	1,633,204
2039-2041	798,000	39,982	837,982
	<u>\$ 3,975,300</u>	<u>\$ 1,037,199</u>	<u>\$ 5,012,499</u>

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

1. *Governmental Activities (continued)*

Other Debt - Governmental Activities (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, 2023, the outstanding balance on the bonds were \$19,640,000 and the balance of the unamortized premium was \$3,726,695.

Future principal and interest payments on the bonds are as follows:

Year Ending	Principal	Interest	Total
June 30,	-	-	-
2024	\$ -	\$ 785,600	\$ 785,600
2025	-	785,600	785,600
2026	-	785,600	785,600
2027	-	785,600	785,600
2028	-	785,600	785,600
2029-2033	-	3,928,000	3,928,000
2034-2038	-	3,928,000	3,928,000
2039-2042	3,895,000	3,811,200	7,706,200
2043-2046	9,255,000	2,437,600	11,692,600
2047-2051	6,490,000	526,000	7,016,000
	<u>19,640,000</u>	<u>\$18,558,800</u>	<u>\$38,198,800</u>
Premium	3,726,695		
	<u>\$23,366,695</u>		

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. The bonds were repaid during the current fiscal year.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

2. Business-Type Activities

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances June 30, 2023</u>	<u>Due within one year</u>
Business-type activities					
Direct borrowings and placements					
2021 Water Refinancing	\$ 8,340,000	\$ -	\$ 460,000	\$ 7,880,000	\$ 480,000
2022 Water Obligation	9,540,000	-	295,000	9,245,000	340,000
2017 Water Refinancing	6,022,000	-	651,000	5,371,000	666,000
2021 SBB portion Series A	14,954,700	-	-	14,954,700	-
2019 Sherwood Broadband	<u>1,639,711</u>	<u>-</u>	<u>118,791</u>	<u>1,520,920</u>	<u>121,772</u>
Total business-type debt	<u>40,496,411</u>	<u>-</u>	<u>1,524,791</u>	<u>38,971,620</u>	<u>1,607,772</u>
Premium on bonds	<u>2,052,572</u>	<u>-</u>	<u>145,575</u>	<u>1,906,997</u>	<u>145,575</u>
Other long-term liabilities					
Leases	101,855	-	49,617	52,238	52,238
Subscriptions	-	498,108	133,110	364,998	168,865
Compensated absences	<u>162,034</u>	<u>-</u>	<u>15,818</u>	<u>146,216</u>	<u>58,486</u>
Total other long-term liabilities	<u>263,889</u>	<u>498,108</u>	<u>198,545</u>	<u>563,452</u>	<u>279,589</u>
Business-type activities	<u>\$ 42,812,872</u>	<u>\$ 498,108</u>	<u>\$ 1,868,911</u>	<u>\$ 41,442,069</u>	<u>\$ 2,032,937</u>

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

2. Business-Type Activities (continued)

Direct Borrowings and Placements – Business-Type Activities

2021 Water 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, 2023, the outstanding balance on the bonds were \$7,880,000 and the balance of the unamortized premium was \$1,472,464.

Future principal and interest payments on the bonds are as follows:

Year Ending	Principal	Interest	Total
June 30,			
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	555,000	235,600	790,600
2029-2033	3,130,000	826,600	3,956,600
2034-2036	2,205,000	178,800	2,383,800
	<u>7,880,000</u>	<u>\$ 2,385,400</u>	<u>\$10,265,400</u>
Premium	1,472,464		
	<u>\$ 9,352,464</u>		

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

2. Business-Type Activities (continued)

Direct Borrowings and Placements – Business-Type Activities (continued)

2022 Water Refinancing Bonds: 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, 2023, the balance outstanding on the bonds were \$9,245,000 and the balance of the unamortized premium was \$434,533.

Future principal and interest payments on the bond are as follows:

Year Ending	Principal	Interest	Total
June 30,			
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	400,000	286,050	686,050
2029-2033	2,250,000	1,177,450	3,427,450
2034-2038	2,655,000	770,000	3,425,000
2039-2042	2,490,000	254,000	2,744,000
	9,245,000	\$ 3,779,700	\$13,024,700
Premium	434,533		
	\$ 9,679,533		

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

2. Business-Type Activities (continued)

Direct Borrowings and Placements – Business-Type Activities (continued)

2017 Water 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, 2023, the outstanding balance on the bonds were \$5,371,000.

Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	729,000	51,514	780,514
2029-2031	1,885,000	56,300	1,941,300
	<u>\$ 5,371,000</u>	<u>\$ 475,324</u>	<u>\$ 5,846,324</u>

2021 Series A SBB (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, 2023, 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
2024	\$ -	\$ 323,103	\$ 323,103
2025	-	323,103	323,103
2026	-	323,103	323,103
2027	904,550	323,103	1,227,653
2028	916,400	311,199	1,227,599
2029-2033	4,807,150	1,328,468	6,135,618
2034-2038	5,324,600	819,357	6,143,957
2039-2041	3,002,000	150,413	3,152,413
	<u>\$14,954,700</u>	<u>\$ 3,901,849</u>	<u>\$18,856,549</u>

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

2. Business-Type Activities (continued)

Direct Borrowings and Placements – Business-Type Activities (continued)

2019 Sherwood Broadband 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, 2023, the outstanding balance on the bonds was \$1,520,920.

Future principal and interest payments on the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	134,466	25,481	159,947
2029-2033	724,686	75,052	799,738
2034	156,031	3,916	159,947
	<u>\$ 1,520,920</u>	<u>\$ 238,503</u>	<u>\$ 1,759,423</u>

3. Lease Liabilities

In prior years the city entered into lease agreements as lessee for financing the acquisition of office equipment valued at \$342,873. Lease liabilities 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, 2023, were as follows:

Year ending June 30	Governmental Activities	Business- Type Activities
2024	14,512	55,000
2025	14,512	-
2026	14,512	-
2027	8,561	-
Total minimum lease payments	52,097	55,000
Less: amount representing interest	(2,692)	(2,762)
Present value of minimum lease payments	<u>\$ 49,405</u>	<u>\$ 52,238</u>

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

4. Subscription Liabilities

The future minimum subscription obligations and the net present value of these minimum subscription payments for all subscription liabilities as of June 30, 2023, were as follows:

Year ending June 30	Governmental Activities	Business- Type Activities
2024	\$ 232,308	\$ 176,820
2025	183,614	130,833
2026	110,683	71,106
2027	32,708	-
2028	25,608	-
Total minimum subscription payments	584,921	378,759
Less: amount representing interest	(25,455)	(13,761)
Present value of minimum subscription payments	<u>\$ 559,466</u>	<u>\$ 364,998</u>

Subscriptions - Government-wide

On 07/01/2022, The city entered into a 34-month subscription for the use of Infor Subscription. An initial subscription liability was recorded in the amount of \$329,526. As of 06/30/2023, the value of the subscription liability is \$222,928. The city is required to make annual fixed payments of \$106,598. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$329,526 with accumulated amortization of \$113,957 is reported with capital assets. The city has 1 extension option(s), each for 12 months. This subscription is split between Governmental and Business-Type Activities.

Subscriptions - Governmental Activities

On 08/16/2022, The city entered into a 72-month subscription for the use of 8x8 X Series. An initial subscription liability was recorded in the amount of \$145,039. As of 06/30/2023, the value of the subscription liability is \$119,431. The city is required to make annual fixed payments of \$35,501. The subscription has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 of \$157,803 with accumulated amortization of \$23,013 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 07/01/2022, The city entered into a 24-month subscription for the use of Adobe Volume License. An initial subscription liability was recorded in the amount of \$21,705. As of 06/30/2023, the value of the subscription liability is \$10,794. The city is required to make annual fixed payments of \$10,978. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$21,705 with accumulated amortization of \$10,778 is reported with capital assets. The city has 1 extension option(s), each for 12 months. The city had a termination period of 1 month as of the subscription commencement.

On 09/25/2022, The city entered into a 36-month subscription for the use of Faronics Deep Freeze Cloud. An initial subscription liability was recorded in the amount of \$10,732. As of 06/30/2023, the value of the subscription liability is \$7,077. The city is required to make annual fixed payments

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

4. Subscription Liabilities (continued)

Subscriptions - Governmental Activities (continued)

of \$3,655. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$10,732 with accumulated amortization of \$2,743 is reported with capital assets.

On 10/27/2022, The city entered into a 24-month subscription for the use of Solar Winds. An initial subscription liability was recorded in the amount of \$10,139. As of 06/30/2023, the value of the subscription liability is \$4,991. The city is required to make annual fixed payments of \$5,148. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 of \$10,139 with accumulated amortization of \$3,436 is reported with capital assets. The city has 1 extension option(s), each for 12 months. The city had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, The city entered into a 27-month subscription for the use of Debtbook Platform. An initial subscription liability was recorded in the amount of \$9,850. As of 06/30/2023, the value of the subscription liability is \$4,901. The city is required to make annual fixed payments of \$5,000. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$11,350 with accumulated amortization of \$5,038 is reported with capital assets.

On 07/01/2022, The city entered into a 30-month subscription for the use of Mark43 Records Management System. An initial subscription liability was recorded in the amount of \$45,260. As of 06/30/2023, the value of the subscription liability is \$22,630. The city is required to make annual fixed payments of \$23,088. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$45,260 with accumulated amortization of \$18,104 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 08/07/2022, The city entered into a 24-month subscription for the use of Snap Schedule 365. An initial subscription liability was recorded in the amount of \$892. As of 06/30/2023, the value of the subscription liability is \$442. The city is required to make annual fixed payments of \$450. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$892 with accumulated amortization of \$402 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 09/17/2022, The city entered into a 24-month subscription for the use of Canva Subscription. An initial subscription liability was recorded in the amount of \$238. As of 06/30/2023, the value of the subscription liability is \$118. The city is required to make annual fixed payments of \$120. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$238 with accumulated amortization of \$94 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

4. Subscription Liabilities (continued)

Subscriptions - Governmental Activities (continued)

On 07/01/2022, The city entered into a 36-month subscription for the use of HP Records Manager. An initial subscription liability was recorded in the amount of \$28,089. As of 06/30/2023, the value of the subscription liability is \$18,969. The city is required to make monthly fixed payments of \$814. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2023 of \$28,089 with accumulated amortization of \$9,363 is reported with capital assets. The city has 1 extension option(s), each for 24 months.

On 01/25/2023, The city entered into a 24-month subscription for the use of Neogov Insight. An initial subscription liability was recorded in the amount of \$15,303. As of 06/30/2023, the value of the subscription liability is \$7,542. The city is required to make annual fixed payments of \$7,761. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2023 of \$20,303 with accumulated amortization of \$4,399 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 12/17/2022, The city entered into a 24-month subscription for the use of Neogov Candidate Text Messaging. An initial subscription liability was recorded in the amount of \$675. As of 06/30/2023, the value of the subscription liability is \$332. The city is required to make annual fixed payments of \$343. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 of \$675 with accumulated amortization of \$182 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 12/11/2022, The city entered into a 24-month subscription for the use of Neogov Background Check Partner Integration. An initial subscription liability was recorded in the amount of \$3,291. As of 06/30/2023, the value of the subscription liability is \$1,620. The city is required to make annual fixed payments of \$1,671. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 of \$3,291 with accumulated amortization of \$914 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 07/01/2022, The city entered into a 57-month subscription for the use of ActiveNet Subscription. An initial subscription liability was recorded in the amount of \$33,851. As of 06/30/2023, the value of the subscription liability is \$27,019. The city is required to make annual fixed payments of \$7,100. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$33,851 with accumulated amortization of \$7,012 is reported with capital assets. The city has 1 extension option(s), each for 36 months.

On 07/01/2022, The city entered into a 23-month subscription for the use of Duo. An initial subscription liability was recorded in the amount of \$9,629. As of 06/30/2023, the value of the subscription liability is \$4,778. The city is required to make annual fixed payments of \$4,860. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$9,629 with accumulated amortization of \$4,952 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

5. *Subscription Liabilities* (continued)

Subscriptions - Governmental Activities (continued)

On 07/01/2022, The city entered into a 37-month subscription for the use of Microsoft 365. An initial subscription liability was recorded in the amount of \$301,932. As of 06/30/2023, the value of the subscription liability is \$224,067. The city is required to make annual fixed payments of \$77,975. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$301,932 with accumulated amortization of \$97,924 is reported with capital assets. The city has 1 extension option(s), each for 1 month.

On 06/01/2023, The city entered into a 24-month subscription for the use of Westlaw Thomson Reuters. An initial subscription liability was recorded in the amount of \$9,292. As of 06/30/2023, the value of the subscription liability is \$8,895. The city is required to make monthly fixed payments of \$397. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of 06/30/2023 of \$9,292 with accumulated amortization of \$387 is reported with capital assets.

Subscriptions - Business-Type Activities

On 07/01/2022, The city entered into a 50-month subscription for the use of 3-GIS On-Premise Licenses. An initial subscription liability was recorded in the amount of \$212,348. As of 06/30/2023, the value of the subscription liability is \$195,260. The city is required to make annual fixed payments of \$18,750. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$212,348 with accumulated amortization of \$50,963 is reported with capital assets. The city has 1 extension option(s), each for 36 months.

On 09/30/2022, The city entered into a 24-month subscription for the use of FormAssembly.com subscription. An initial subscription liability was recorded in the amount of \$3,318. As of 06/30/2023, the value of the subscription liability is \$1,645. The city is required to make annual fixed payments of \$1,673. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$3,318 with accumulated amortization of \$1,301 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 07/01/2022, The city entered into a 24-month subscription for the use of Itron Network Software. An initial subscription liability was recorded in the amount of \$9,157. As of 06/30/2023, the value of the subscription liability is \$4,975. The city is required to make annual fixed payments of \$5,076. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$9,157 with accumulated amortization of \$4,578 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 10/04/2022, The city entered into a 48-month subscription for the use of Velocity chemical management. An initial subscription liability was recorded in the amount of \$11,772. As of 06/30/2023, the value of the subscription liability is \$8,797. The city is required to make annual fixed payments of \$2,975. The subscription has an interest rate of 3.2380%. The value of the right to use asset as of 06/30/2023 of \$11,772 with accumulated amortization of \$2,183 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

4. Subscription Liabilities (continued)

Subscriptions - Business-Type Activities (continued)

On 07/01/2022, The city entered into a 35-month subscription for the use of WIN-911 customer care Subscription. An initial subscription liability was recorded in the amount of \$1,280. As of 06/30/2023, the value of the subscription liability is \$646. The city is required to make annual fixed payments of \$660. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$1,280 with accumulated amortization of \$435 is reported with capital assets.

On 07/01/2022, The city entered into a 32-month subscription for the use of AVEVA HM/ SCADA. An initial subscription liability was recorded in the amount of \$3,910. As of 06/30/2023, the value of the subscription liability is \$1,962. The city is required to make annual fixed payments of \$2,005. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$3,910 with accumulated amortization of \$1,465 is reported with capital assets. The city had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, The city entered into a 24-month subscription for the use of LIGO Subscription. An initial subscription liability was recorded in the amount of \$664. As of 06/30/2023, the value of the subscription liability is \$329. The city is required to make annual fixed payments of \$335. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$664 with accumulated amortization of \$332 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 11/17/2022, The city entered into a 24-month subscription for the use of Salesforce Sales & Service Cloud. An initial subscription liability was recorded in the amount of \$54,560. As of 06/30/2023, the value of the subscription liability is \$26,858. The city is required to make annual fixed payments of \$27,702. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2023 of \$54,560 with accumulated amortization of \$16,974 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

In 07/01/2022, The city entered into a 20-month subscription for the use of Juniper Premium Feature License. An initial subscription liability was recorded in the amount of \$10,838. As of 06/30/2023, the value of the subscription liability is \$0. The city is required to make annual fixed payments of \$11,000. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$10,838 with accumulated amortization of \$6,233 is reported with capital assets.

On 07/01/2022, Sherwood, OR entered into a 19-month subscription for the use of Infor Saas GIS. An initial subscription liability was recorded in the amount of \$9,485. As of 06/30/2023, the value of the subscription liability is \$3,892. Sherwood, OR is required to make annual fixed payments of \$5,604. The subscription has an interest rate of 0.3280%. The value of the right to use asset as of 06/30/2023 of \$9,485 with accumulated amortization of \$5,991 is reported with capital assets.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

4. Subscription Liabilities (continued)

Subscriptions - Business-Type Activities (continued)

On 07/01/2022, The city entered into a 23-month subscription for the use of Infor Saas MT. An initial subscription liability was recorded in the amount of \$9,423. As of 06/30/2023, the value of the subscription liability is \$4,712. The city is required to make annual fixed payments of \$4,725. The subscription has an interest rate of 0.2760%. The value of the right to use asset as of 06/30/2023 of \$9,423 with accumulated amortization of \$4,819 is reported with capital assets. The city has 1 extension option(s), each for 5 months.

G. 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, from the Debt Service Fund to the General Fund to clear out remaining GO Bond balance after the debt was repaid and from the Enterprise Funds to the General Fund for reimbursement of capital asset purchases.

	Transfers Out:	Transfers In:		
Fund	General Fund	Street Capital Fund	Other Nonmajor Funds	Total
1 Street Operations Fund	\$ -	\$ 750,000	\$ -	\$ 750,000
2 Street Capital Fund	-	-	660,718	660,718
3 Debt Service Fund	78,034	-	-	78,034
4 Grant Fund	59,359	-	-	59,359
5 Enterprise Funds	522,701	-	-	522,701
Total	<u>\$ 660,094</u>	<u>\$ 750,000</u>	<u>\$ 660,718</u>	<u>\$ 2,070,812</u>

Purpose:

- 1 To fund capital project construction
- 2 To fund Cedar Creek Trail projects
- 3 Transfer out remaining funds as all debt has been paid off
- 4 Offset administrative costs to administer CEP grant, remaining debt service balance
- 5 Reimburement for purchases of capital assets

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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

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>

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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

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.

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.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

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% 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% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA 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.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

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, 2021. Employer contributions for the year ended June 30, 2023 were \$2,496,219, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 26.49% for Tier One/Tier Two General Service Member and Police and Fire, 20.53% for OPSRP Pension Program General Service Members, and 24.89% for OPSRP Pension Program Police and Fire Members.

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 \$633,047 of all employees' contribution.

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

At June 30, 2023, the City reported a liability of \$14,322,734 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of the measurement date of June 30, 2022, the City's proportion was 0.0935%, which is an increase from its proportion of 0.0874% measured as of June 30, 2021.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

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, 2023, the City's recognized pension expense of \$2,228,900. At June 30, 2023, 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	\$ 695,253	\$ 89,319
Changes in assumptions	2,247,314	20,532
Net difference between projected and actual earnings on investments	-	2,560,628
Changes in proportionate share	1,887,330	320,266
Differences between employer contributions and employer's proportionate share of system contributions	80,898	1,352,015
Total (prior to post-measurement date contributions)	4,910,795	4,342,760
City contributions subsequent to the measurement date	2,496,219	-
Total	\$ 7,407,014	\$ 4,342,760

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:	
2024	\$ 286,915
2025	(116,714)
2026	(853,814)
2027	1,268,873
2028	(17,224)
	\$ 568,035

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

5. *Actuarial Assumptions*

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level%age 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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

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.

7. Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	OIC Target Allocation	Asset Class/Strategy	Actual Allocation ²
Debt Securities	15.0 - 25.0 %	20.0 %	Debt Securities	19.8 %
Public Equity	25.0 - 35.0	30.0	Public Equity	21.2
Real Estate	7.5 - 17.5	12.5	Real Estate	13.6
Private Equity	15.0 - 27.5	20.0	Private Equity	28.0
Risk Parity	0.0 - 3.5	2.5	Risk Parity	2.0
Real Assets	2.5 - 10.0	7.5	Real Assets	7.9
Diversifying Strategies	2.5 - 10.0	7.5	Diversifying Strategies	4.9
Opportunity Portfolio ¹	0.0 - 5.0	0.0	Opportunity Portfolio	2.6
Total		100.0 %	Total	100.0 %

¹Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total Fund assets.

²Based on the actual investment value at 6/30/2022.

³In October 2021 the Alternatives Portfolio was split into Real Assets and Diversifying Strategies.

(Source: June 30, 2022 PERS ACFR; p. 104)

8. Discount Rate

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

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

9. 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%, 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%) or 1-percentage-point higher (7.9%) 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)	\$ 25,400,130	\$14,322,734	\$ 5,051,465

10. 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, 2023

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:

	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB Reported
Net OPEB Asset	\$ -	\$ 246,139	\$ 246,139
Deferred Outflow of Resources:			
Contributions after the measurement date	\$ 18,407	\$ 1,506	\$ 19,913
Difference in experience	64,972	-	64,972
Change in assumptions	14,680	1,927	16,607
Total Deferred Outflow of Resources	\$ 98,059	\$ 3,433	\$ 101,492
Net OPEB Liability	\$ (740,469)	\$ -	\$ (740,469)
Deferred Inflow of Resources:			
Change in proportionate share	\$ -	\$ (17,990)	\$ (17,990)
Difference in experience	-	(6,670)	(6,670)
Change in assumptions	(148,695)	(8,205)	(156,900)
Net investment differences	-	(18,771)	(18,771)
Total Deferred Inflow of Resources	\$ (148,695)	\$ (51,636)	\$ (200,331)
OPEB expense (benefit)	\$ 48,637	\$ (46,178)	\$ 2,459
(included in program expenses on Statement of Activities)			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

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

The City's net OPEB asset and liability balances were measured as of June 30, 2022. Deferred outflows of resources related to OPEB 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2024	\$	(40,723)
2025		(24,178)
2026		(22,359)
2027		(2,891)
2028		(5,674)
Thereafter		(22,927)
	<u>\$</u>	<u>(118,752)</u>

a. 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, 2022, the following employees were covered by the benefit terms:

Active Employees	126
Eligible Retirees	1
Spouses of Ineligible Retirees	1
Total Participants	<u>128</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

a. 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, 2023, the City recognized OPEB expense from this plan of \$48,637. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,972	\$ -
Changes in Assumptions	14,680	(148,695)
	79,652	(148,695)
Contributions after measurement date	18,407	-
	\$ 98,059	\$ (148,695)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ended June 30:	
2024	\$ (10,513)
2025	(10,513)
2026	(10,513)
2027	(8,903)
2028	(5,674)
Thereafter	(22,927)
	\$ (69,043)

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

a. Implicit Rate Subsidy (continued)

4. Actuarial Assumptions and Other Inputs

The Implicit Subsidy OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	Refer to Exhibit 4. 3.54% for results as of the June 30, 2022 measurement date. These rates reflect the Bond Buyer 20-Year General Obligation Bond Index.
Health care cost trend	<p>The medical trend assumptions used in this valuation are based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model. Inputs to the model are consistent with other assumptions used in the valuation. The trend rate for 2022 includes an adjustment for known January 1, 2023 premiums.</p> <p>Medical and vision:</p> <p>Year Pre-65 Trend</p> <p>2022 4.25%</p> <p>2023 6.75</p> <p>2024 6.50</p> <p>2025 6.00</p> <p>2026 5.25</p> <p>2027 5.00</p> <p>2028 – 2029 4.75</p> <p>2030 4.50</p> <p>2031 – 2065 4.25</p> <p>2066 - 2071 4.00</p> <p>2072+ 3.75</p> <p>Dental: 1.75% for 2022, 4.00% per year until 2072, then 3.75% thereafter. The trend rate for 2022 includes an adjustment for known January 1, 2023 premiums.</p> <p>Health care cost trend affects both the projected health care costs as well as the projected health care premiums. Health trend prior to the valuation date uses the ultimate trend rates shown above.</p>
General Inflation	2.40% per year, used to develop other economic assumptions
Annual Pay Increases	3.40% per year, based on general inflation and the likelihood of raises throughout participants' career

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

a. Implicit Rate Subsidy (continued)

5. Changes in the Total OPEB Liability

Changes in Total OPEB Liability June 30, 2022 to June 30, 2023	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2022	\$ 748,508
Changes for the year:	
Service cost	60,156
Interest on total OPEB liability	17,401
Effect of changes to benefit terms	0
Effect of economic/demographic gains or losses	34,892
Effect of assumptions changes or inputs	(114,347)
Benefit payments	<u>(6,141)</u>
Balance as of June 30, 2023	\$ 740,469

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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Total OPEB Liability	\$ 684,292	\$ 740,469	\$ 800,483

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

b. 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>

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, 2023 contributions was \$1,506.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

b. 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

At June 30, 2023, the City reported an asset of \$246,139 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2023, the City's proportionate share was 0.0693%, which is an increase from its proportion of 0.0649% as of June 30, 2022.

For the year ended June 30, 2023, the City recognized OPEB benefit from this plan of \$46,178. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (6,670)
Changes in Assumptions	1,927	(8,205)
Net differences between projected and actual earnings on investments	-	(18,771)
Changes in proportionate share	-	(17,990)
	1,927	(51,636)
Contributions after measurement date	1,506	-
	\$ 3,433	\$ (51,636)

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

b. PERS Retirement Health Insurance Account (Continued)

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

Year Ended June 30:	
2024	\$ (30,210)
2025	(13,665)
2026	(11,846)
2027	6,012
	<u>\$ (49,709)</u>

5. Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the same actuarial methods and assumptions that were used for the Net Pension Liability in Note III.B above.

6. Long-Term Expected Rate of Return

Long-term expected rate of return assumptions are the same as those used for the Net Pension Liability in Note III.B above.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

C. Postemployment Benefits Other than Pensions (Continued)

b. PERS Retirement Health Insurance Account (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	Current Discount	1% Increase
Discount Rate	5.90%	6.90%	7.90%
Total OPEB Asset	\$ (221,841)	\$ (246,139)	\$ (266,969)

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.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2023

III. OTHER INFORMATION (Continued)

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.

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.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

D. Investment in Joint Ventures (Continued)

1. Willamette Intake Facility Commission (Continued)

The following percentages were in effect at June 30, 2023:

Tualatin Valley Water District	39.4%
City of Wilsonville	16.7
City of Sherwood	6.5
City of Tigard	10.0
City of Hillsboro	24.1
City of Beaverton	3.3

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.

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, 2023:

City of Tigard	23.20%
City of Sherwood	15.73
City of Tualatin	16.27
Tualatin Valley Water District	44.80

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

III. OTHER INFORMATION (Continued)

D. Investment in Joint Ventures (Continued)

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, 2022	\$ 1,265,330		\$ 4,382	\$ 1,269,712
PY Error corrected in CY	<u>(13,044)</u>	(a)	<u>-</u>	<u>(13,044)</u>
Balance - adjusted	1,252,286		4,382	1,256,668
Contributions	31,167		-	31,167
Income (loss) for the year	<u>(24,397)</u>		<u>(2,985)</u>	<u>(27,382)</u>
Investment in joint ventures at June 30, 2023	<u>\$ 1,259,056</u>		<u>\$ 1,397</u>	<u>\$ 1,260,453</u>

(a) PY amount in audited F/S was incorrect due to timing error.

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, 2023 was \$229,087.

CITY OF SHERWOOD, OREGON

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2023**

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, 2023 financial statements.

The City has no significant outstanding commitments at June 30, 2023 related to construction contracts.

VI. PRIOR PERIOD ADJUSTMENT

In prior years a project was started and tracked for the Water Quality Facility Refurbishment and incorrectly recorded as CWIP in the Storm Fund as a capital asset. The result was an adjustment that reduced the Storm Funds beginning Net Position by 152,615.

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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$7,830,570	\$ 7,830,570	\$ 7,450,324	\$ (380,246)
Franchises and fees	2,307,000	2,402,800	2,389,192	(13,608)
Intergovernmental	2,059,309	2,288,413	6,497,469	4,209,056
Charges for services	2,333,264	3,087,208	3,387,240	300,032
Fines and forfeitures	2,328,600	1,328,600	1,151,486	(177,114)
Interest	75,000	139,000	131,835	(7,165)
Miscellaneous	59,600	59,600	104,777	45,177
TOTAL REVENUES	<u>16,993,343</u>	<u>17,136,191</u>	<u>21,112,323</u>	<u>3,976,132</u>
EXPENDITURES:				
Administration	2,957,804	2,891,643	3,268,999	(377,356)
Community development	2,517,995	2,431,035	1,846,640	584,395
Public safety	5,934,422	6,438,406	6,131,911	306,495
Community services	3,337,871	3,251,502	3,008,407	243,095
Public works	3,967,848	4,118,802	3,935,820	182,982
Debt Service	-	-	234,991	(234,991)
Contingency	849,667	849,667	-	849,667
TOTAL EXPENDITURES	<u>19,565,607</u>	<u>19,981,055</u>	<u>18,426,768</u>	<u>1,554,287</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,572,264)</u>	<u>(2,844,864)</u>	<u>2,685,555</u>	<u>5,530,419</u>
OTHER FINANCING SOURCES:				
Transfers in	83,021	4,554,320	137,393	(4,416,927)
Lease proceeds	-	-	54,750	54,750
Subscription proceeds	-	-	195,601	195,601
Sale of capital assets	-	-	22,319	22,319
TOTAL OTHER FINANCING SOURCES	<u>83,021</u>	<u>4,554,320</u>	<u>410,063</u>	<u>(4,144,257)</u>
NET CHANGE IN FUND BALANCE	<u>(2,489,243)</u>	<u>1,709,456</u>	<u>3,095,618</u>	<u>1,386,162</u>
FUND BALANCE - beginning of year	<u>6,655,712</u>	<u>7,503,534</u>	<u>7,503,534</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$4,166,469</u>	<u>\$ 9,212,990</u>	<u>\$10,599,152</u>	<u>\$ 1,386,162</u>
RECONCILIATION TO FUND STATEMENTS				
Unrealized gain (loss) on investments			<u>(47,984)</u>	
FUND BALANCE - GAAP BASIS			<u>\$10,551,168</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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 1,503,800	\$ 1,503,800	\$ 1,354,739	\$ (149,061)
Fines, interest and other	18,000	18,000	46,807	28,807
TOTAL REVENUES	<u>1,521,800</u>	<u>1,521,800</u>	<u>1,401,546</u>	<u>(120,254)</u>
EXPENDITURES:				
Operations	262,222	454,941	359,543	95,398
Debt service	4,377,897	4,623,097	4,623,408	(311)
Contingency	76,090	-	-	-
TOTAL EXPENDITURES	<u>4,716,209</u>	<u>5,078,038</u>	<u>4,982,951</u>	<u>95,087</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,194,409)</u>	<u>(3,556,238)</u>	<u>(3,581,405)</u>	<u>(25,167)</u>
NET CHANGE IN FUND BALANCE	(3,194,409)	(3,556,238)	(3,581,405)	(25,167)
FUND BALANCE - beginning of year	<u>3,556,238</u>	<u>3,918,067</u>	<u>3,581,405</u>	<u>(336,662)</u>
FUND BALANCE - end of year	<u>\$ 361,829</u>	<u>\$ 361,829</u>	<u>\$ -</u>	<u>\$ (361,829)</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, 2023**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 480,000	\$ 480,000	\$ 594,413	\$ 114,413
Fines, interest and other	10,000	10,000	15,505	5,505
TOTAL REVENUES	490,000	490,000	609,918	119,918
EXPENDITURES:				
Operations Dept	71,784	86,284	81,062	5,222
Debt Service	871,489	871,489	871,488	1
Contingency	24,500	10,000	-	10,000
TOTAL EXPENDITURES	967,773	967,773	952,550	15,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(477,773)	(477,773)	(342,632)	135,141
NET CHANGE IN FUND BALANCE	(477,773)	(477,773)	(342,632)	135,141
FUND BALANCE - beginning of year	593,855	593,855	862,643	268,788
FUND BALANCE , end of year	\$ 116,082	\$ 116,082	\$ 520,011	\$ 403,929
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			2,528	
FUND BALANCE - GAAP BASIS			\$ 522,539	

CITY OF SHERWOOD
Sherwood, Oregon

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

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
2023	0.0935%	\$ 14,322,734	\$10,017,074	142.98%	84.55%
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

SCHEDULE OF PLAN CONTRIBUTIONS
For the last ten fiscal years

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
2023	\$ 2,496,219	\$ 2,496,219	-	\$ 11,454,611	21.79%
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

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 six fiscal years ^{1,2,3}

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 60,156	\$ 58,406	\$ 41,241	\$ 36,691	\$ 40,813	\$ 43,525
Interest	17,401	16,156	22,153	21,549	19,173	14,878
Actual experience	-	-	-	-	37,097	-
Changes of assumptions or other inputs	(79,455)	3,145	21,398	20,779	(63,606)	(38,570)
Benefit payments	(6,141)	(3,668)	(4,023)	(10,784)	(5,489)	(1,697)
Net change in OPEB Liability	(8,039)	74,039	80,769	68,235	27,988	18,136
Total OPEB Liability-beginning	748,508	674,469	593,700	525,465	497,476	479,340
Total OPEB Liability-ending	<u>\$ 740,469</u>	<u>\$ 748,508</u>	<u>\$ 674,469</u>	<u>\$ 593,700</u>	<u>\$ 525,465</u>	<u>\$ 497,476</u>
Covered-employee Payroll	\$10,017,074	\$ 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	7.4%	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 seven 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
2023	0.0693%	\$ (246,139)	10,017,074	-2.46%	194.65%
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)	7,539,920	-1.00%	123.99%
2018	0.0667	(27,845)	7,239,308	-0.38%	83.12%
2017	0.0713	19,364	7,318,363	0.26%	80.53%

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 2023 is July 1, 2021 - June 30, 2022

CITY OF SHERWOOD

Sherwood, Oregon

SCHEDULE OF THE CITY'S CONTRIBUTIONS

Oregon Public Employees Retirement System, Retirement Health Insurance Account

For the last nine 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
2023	\$ 1,506	1,506	-	\$ 11,454,611	0.01%
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, 2023

I. BUDGET

Required Supplementary Information includes the budgetary comparison for the General Fund, Urban Renewal Operations Fund 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 Urban Renewal Operations Fund and 2021 Urban Renewal Operations Fund. All annual appropriations lapse at fiscal year-end.

The City did over expend its General Fund appropriations in Administration and Debt Service due to the implementation of GASB statement 96 and in Urban Renewal Operations Fund Debt Service due to closing this entity and paying off the remaining debt.

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:

	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Actuarial Valuation 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 2.16% to 3.54%.

OTHER SUPPLEMENTARY INFORMATION

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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 60,000	\$ 60,000	\$ 62,888	\$ 2,888
Infrastructure development fees	700,000	700,000	2,194,561	1,494,561
Fines, interest and other	30,000	30,000	125,051	95,051
TOTAL REVENUES	<u>790,000</u>	<u>790,000</u>	<u>2,382,500</u>	<u>1,592,500</u>
EXPENDITURES:				
Capital	3,529,558	3,529,558	492,737	3,036,821
TOTAL EXPENDITURES	<u>3,529,558</u>	<u>3,529,558</u>	<u>492,737</u>	<u>3,036,821</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,739,558)</u>	<u>(2,739,558)</u>	<u>1,889,763</u>	<u>4,629,321</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	750,000	750,000	750,000	-
Transfers out	(950,000)	(950,000)	(660,718)	289,282
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>(200,000)</u>	<u>89,282</u>	<u>289,282</u>
NET CHANGE IN FUND BALANCE	(2,939,558)	(2,939,558)	1,979,045	4,918,603
FUND BALANCE - beginning of year	4,447,004	6,883,844	6,883,844	-
FUND BALANCE - end of year	<u>\$ 1,507,446</u>	<u>\$ 3,944,286</u>	<u>\$ 8,862,889</u>	<u>\$ 4,918,603</u>
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			(38,688)	
FUND BALANCE - GAAP BASIS			<u>\$ 8,824,201</u>	

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, 2023**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Fines, interest and other	\$ 95,000	\$ 95,000	\$ 438,655	\$ 343,655
EXPENDITURES:				
Capital Dept	13,976,607	13,976,607	8,246,961	5,729,646
Contingency	688,500	688,500	-	688,500
TOTAL EXPENDITURES	<u>14,665,107</u>	<u>14,665,107</u>	<u>8,246,961</u>	<u>6,418,145</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,570,107)</u>	<u>(14,570,107)</u>	<u>(7,808,306)</u>	<u>6,761,801</u>
NET CHANGE IN FUND BALANCE	(14,570,107)	(14,570,107)	(7,808,306)	6,761,801
FUND BALANCE - beginning of year	<u>23,387,706</u>	<u>23,387,706</u>	<u>25,034,596</u>	<u>1,646,890</u>
FUND BALANCE , end of year	<u>\$ 8,817,599</u>	<u>\$ 8,817,599</u>	<u>\$ 17,226,290</u>	<u>\$ 8,408,691</u>
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			80,382	
FUND BALANCE - GAAP BASIS			<u>\$ 17,306,672</u>	

CITY OF SHERWOOD
Sherwood, Oregon

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Special Revenue Funds			Capital Project Fund	Totals	
	Debt Service	Transient Lodging Tax	Street Operations	Grant		General Constnuction
ASSETS:						
Cash and investments	\$ -	\$ 341,824	\$ 4,330,873	\$ 92,281	\$ 2,341,365	\$ 7,106,343
Receivables	-	26,792	267,099	54,214	15,485	363,590
Prepaid expenses	-	-	6,251	-	-	6,251
TOTAL ASSETS	\$ -	\$ 368,616	\$ 4,604,223	\$ 146,495	\$ 2,356,850	\$ 7,476,184
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 32,852	\$ -	\$ 6,995	\$ 39,847
Payroll payable	-	-	29,570	-	1,079	30,649
Other current liabilities	-	-	12,918	-	-	12,918
TOTAL LIABILITIES	-	-	75,340	-	8,074	83,414
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, misc	-	-	10,074	-	-	10,074
Unavailable revenue, grants	-	-	-	12,396	-	12,396
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	10,074	12,396	-	22,470
FUND BALANCES:						
Nonspendable	-	-	-	-	-	-
Restricted	-	368,616	4,518,809	134,099	1,718,024	6,739,548
Committed	-	-	-	-	410,850	410,850
Assigned	-	-	-	-	219,902	219,902
TOTAL FUND BALANCES	-	368,616	4,518,809	134,099	2,348,776	7,370,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ -	\$ 368,616	\$ 4,604,223	\$ 146,495	\$ 2,356,850	\$ 7,476,184

CITY OF SHERWOOD
Sherwood, Oregon

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

	Special Revenue Fund				Capital Project Fund	Totals
	Debt Service	Transient Lodging Tax	Street Operations	Grant	General Construction	
REVENUES:						
Franchises and fees	\$ -	\$ -	\$ -	\$ -	\$ 26,597	\$ 26,597
Intergovernmental	-	157,769	2,011,386	154,746	-	2,323,901
Charges for services	-	-	752,127	-	83,467	835,594
Infrastructure development fees	-	-	-	-	703,467	703,467
Interest and Other	1,446	5,114	80,048	82,956	51,412	220,976
TOTAL REVENUES	<u>1,446</u>	<u>162,883</u>	<u>2,843,561</u>	<u>237,702</u>	<u>864,943</u>	<u>4,110,535</u>
EXPENDITURES:						
Current						
Public works	-	-	1,352,958	73,171	12,977	1,439,106
Noncurrent						
Capital outlay	-	-	-	-	806,848	806,848
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,352,958</u>	<u>73,171</u>	<u>819,825</u>	<u>2,245,954</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,446</u>	<u>162,883</u>	<u>1,490,603</u>	<u>164,531</u>	<u>45,118</u>	<u>1,864,581</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	660,718	660,718
Transfers out	(78,034)	-	(750,000)	(59,359)	-	(887,393)
Proceeds from sale of capital assets	-	-	18,186	-	-	18,186
TOTAL OTHER FINANCING SOURCES	<u>(78,034)</u>	<u>-</u>	<u>(731,814)</u>	<u>(59,359)</u>	<u>660,718</u>	<u>(208,489)</u>
NET CHANGE IN FUND BALANCE	(76,588)	162,883	758,789	105,172	705,836	1,656,092
FUND BALANCE - beginning of year	76,588	205,733	3,760,020	28,927	1,642,940	5,714,208
FUND BALANCE - end of year	<u>\$ -</u>	<u>\$ 368,616</u>	<u>\$ 4,518,809</u>	<u>\$ 134,099</u>	<u>\$ 2,348,776</u>	<u>\$ 7,370,300</u>

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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Interest and other	\$ 450	\$ 752	\$ 752	\$ -
TOTAL REVENUES	<u>450</u>	<u>752</u>	<u>752</u>	<u>-</u>
EXPENDITURES:				
Debt service	78,737	-	-	-
TOTAL EXPENDITURES	<u>78,737</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(78,287)</u>	<u>752</u>	<u>752</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(78,034)	(78,034)	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>(78,034)</u>	<u>(78,034)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(78,287)	(77,282)	(77,282)	-
FUND BALANCE - beginning of year	<u>78,287</u>	<u>77,282</u>	<u>77,282</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2023**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 157,769	\$ 22,769
Interest and other	1,000	1,000	4,948	3,948
TOTAL REVENUES	136,000	136,000	162,717	26,717
NET CHANGE IN FUND BALANCE	136,000	136,000	162,717	26,717
FUND BALANCE - beginning of year	198,372	207,330	207,330	-
FUND BALANCE - end of year	\$ 334,372	\$ 343,330	\$ 370,047	\$ 26,717
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			(1,431)	
FUND BALANCE - GAAP BASIS			\$ 368,616	

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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,924,103	\$ 1,924,103	\$ 2,011,386	\$ 87,283
Charges for services	735,944	735,944	752,127	16,183
Fines, interest and other	52,000	52,000	62,615	10,615
Miscellaneous	-	-	151	151
TOTAL REVENUES	<u>2,712,047</u>	<u>2,712,047</u>	<u>2,826,279</u>	<u>114,232</u>
EXPENDITURES:				
Street Operations	2,627,786	2,627,786	1,352,958	1,274,828
Contingency	135,602	135,602	-	135,602
TOTAL EXPENDITURES	<u>2,763,388</u>	<u>2,763,388</u>	<u>1,352,958</u>	<u>1,410,430</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(51,341)</u>	<u>(51,341)</u>	<u>1,473,321</u>	<u>1,524,662</u>
OTHER FINANCING (USES):				
Proceeds from sale of capital assets	-	-	18,186	18,186
Transfers out	(750,000)	(750,000)	(750,000)	-
NET CHANGE IN FUND BALANCE	<u>(801,341)</u>	<u>(801,341)</u>	<u>741,507</u>	<u>1,542,848</u>
FUND BALANCE - beginning of year	<u>4,345,560</u>	<u>3,795,429</u>	<u>3,795,429</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 3,544,219</u>	<u>\$ 2,994,088</u>	<u>\$ 4,536,936</u>	<u>\$ 1,542,848</u>
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			(18,127)	
FUND BALANCE - GAAP BASIS			<u>\$ 4,518,809</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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,272,711	\$ 4,480,422	\$ 154,746	\$ (4,325,676)
Interest and other	10,000	55,877	63,236	7,359
TOTAL REVENUES	<u>2,282,711</u>	<u>4,536,299</u>	<u>217,982</u>	<u>(4,318,317)</u>
EXPENDITURES:				
Operations	19,595	79,171	73,171	6,000
Contingency	4,481,755	-	-	-
TOTAL EXPENDITURES	<u>4,501,350</u>	<u>79,171</u>	<u>73,171</u>	<u>6,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,218,639)</u>	<u>4,457,128</u>	<u>144,811</u>	<u>(4,312,317)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,483)	(4,474,782)	(59,359)	4,415,423
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,483)</u>	<u>(4,474,782)</u>	<u>(59,359)</u>	<u>(55,876)</u>
NET CHANGE IN FUND BALANCE	(2,222,122)	(17,654)	85,452	103,106
FUND BALANCE - beginning of year	<u>2,227,121</u>	<u>49,033</u>	<u>49,033</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 4,999</u>	<u>\$ 31,379</u>	<u>\$ 134,485</u>	<u>\$ 103,106</u>
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			(386)	
FUND BALANCE - GAAP BASIS			<u>\$ 134,099</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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Franchises and fees	\$ 30,000	\$ 30,000	\$ 26,597	\$ (3,403)
Charges for services	70,000	70,000	83,467	13,467
Infrastructure development fees	300,000	300,000	703,467	403,467
Interest and other	11,000	11,000	46,445	35,445
TOTAL REVENUES	411,000	411,000	859,976	448,976
EXPENDITURES:				
Capital	1,115,335	1,236,925	819,825	417,100
TOTAL EXPENDITURES	1,115,335	1,236,925	819,825	417,100
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(704,335)	(825,925)	40,151	866,077
OTHER FINANCING SOURCES (USES):				
Transfers in	950,000	950,000	660,718	(289,282)
NET CHANGE IN FUND BALANCE	245,665	124,075	700,869	576,794
FUND BALANCE - beginning of year	1,536,117	1,657,707	1,657,707	-
FUND BALANCE - end of year	\$ 1,781,782	\$ 1,781,782	\$ 2,358,576	\$ 576,794
RECONCILIATION TO COMBINING STATEMENTS				
Unrealized gain (loss) on investments			(9,800)	
FUND BALANCE - GAAP BASIS			\$ 2,348,776	

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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 6,339,500	\$ 6,339,500	\$ 7,045,802	\$ 706,302
Infrastructure development fees	-	-	695,673	695,673
Interest and other	291,000	291,000	445,787	154,787
TOTAL REVENUES	<u>6,630,500</u>	<u>6,630,500</u>	<u>8,187,262</u>	<u>1,556,762</u>
EXPENDITURES:				
Operations	3,911,613	4,201,638	3,950,290	251,348
Capital	11,094,889	11,094,889	3,768,773	7,326,116
Debt Service	2,259,607	2,259,607	2,259,508	99
Contingency	290,025	-	-	-
TOTAL EXPENDITURES	<u>17,556,134</u>	<u>17,556,134</u>	<u>9,978,571</u>	<u>7,577,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,925,634)</u>	<u>(10,925,634)</u>	<u>(1,791,309)</u>	<u>9,134,325</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	3,949	3,949
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>3,949</u>	<u>3,949</u>
NET CHANGE IN FUND BALANCE	(10,925,634)	(10,925,634)	(1,787,360)	9,138,274
FUND BALANCE - beginning of year	<u>26,792,370</u>	<u>26,646,673</u>	<u>26,646,673</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 15,866,736</u>	<u>\$15,721,039</u>	<u>\$ 24,859,313</u>	<u>\$ 9,138,274</u>
RECONCILIATION TO NET POSITION				
Net pension liability			(678,748)	
OPEB asset			12,995	
OPEB liability			(39,096)	
Deferred outflows-Pension			351,016	
Deferred outflows-OPEB			5,360	
Deferred inflows-Pension			(205,801)	
Deferred inflows-OPEB			(10,579)	
Investment in joint ventures			1,260,453	
Capital assets			59,110,320	
Subscription assets			81,605	
Long-term obligations and related premium			(24,402,997)	
Subscription liability			(82,945)	
Compensated absences			(35,132)	
Unrealized gain (loss) on investments			(103,339)	
Accrued interest on long term obligations			(61,981)	
Net position - GAAP basis			<u>\$ 60,060,444</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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 792,000	\$ 792,000	\$ 860,879	\$ 68,879
Intergovernmental	581,900	581,900	823,368	241,468
Infrastructure development fees	75,000	75,000	243,713	168,713
Interest and other	22,000	22,000	66,099	44,099
TOTAL REVENUES	<u>1,470,900</u>	<u>1,470,900</u>	<u>1,994,059</u>	<u>523,159</u>
EXPENDITURES:				
Operations	1,071,352	1,071,352	998,604	72,748
Capital	1,559,769	1,559,769	814,359	745,410
Contingency	40,195	40,195	-	40,195
TOTAL EXPENDITURES	<u>2,671,316</u>	<u>2,671,316</u>	<u>1,812,963</u>	<u>858,353</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,200,416)</u>	<u>(1,200,416)</u>	<u>181,096</u>	<u>1,381,512</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	3,291	3,291
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>3,291</u>	<u>3,291</u>
NET CHANGE IN FUND BALANCE	(1,200,416)	(1,200,416)	184,387	1,384,803
FUND BALANCE - beginning of year	<u>2,941,419</u>	<u>3,587,198</u>	<u>3,587,198</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 1,741,003</u>	<u>\$ 2,386,782</u>	<u>\$ 3,771,585</u>	<u>\$ 1,384,803</u>
RECONCILIATION TO NET POSITION				
Net pension liability			(272,867)	
OPEB asset			4,869	
OPEB liability			(14,648)	
Deferred outflows-Pension			141,112	
Deferred outflows-OPEB			2,007	
Deferred inflows-Pension			(82,735)	
Deferred inflows-OPEB			(3,962)	
Capital assets			19,762,662	
Subscription assets			19,401	
Subscription liability			(20,063)	
Unrealized gain (loss) on investments			(16,611)	
Compensated absences			(17,915)	
Net position - GAAP basis			<u>\$ 23,272,835</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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$2,482,377	\$2,482,377	\$ 2,377,889	\$ (104,488)
Infrastructure development fees	50,000	50,000	101,346	51,346
Interest and other	79,000	79,000	122,047	43,047
TOTAL REVENUES	<u>2,611,377</u>	<u>2,611,377</u>	<u>2,601,282</u>	<u>(10,095)</u>
EXPENDITURES:				
Operations	1,589,351	1,589,351	1,317,679	271,672
Capital	1,112,844	1,112,844	100,663	1,012,181
Contingency	107,369	107,369	-	107,369
TOTAL EXPENDITURES	<u>2,809,564</u>	<u>2,809,564</u>	<u>1,418,342</u>	<u>1,391,222</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(198,187)</u>	<u>(198,187)</u>	<u>1,182,940</u>	<u>1,381,127</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	3,949	3,949
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>3,949</u>	<u>3,949</u>
NET CHANGE IN FUND BALANCE	(198,187)	(198,187)	1,186,889	1,385,076
FUND BALANCE - beginning of year	<u>6,444,899</u>	<u>6,920,088</u>	<u>6,920,088</u>	<u>-</u>
FUND BALANCE - end of year	<u><u>\$6,246,712</u></u>	<u><u>\$6,721,901</u></u>	<u>\$ 8,106,977</u>	<u><u>\$ 1,385,076</u></u>
RECONCILIATION TO NET POSITION				
Net pension liability			(515,417)	
OPEB asset			10,691	
OPEB liability			(32,161)	
Deferred outflows-Pension			266,548	
Deferred outflows-OPEB			4,408	
Deferred inflows-Pension			(156,279)	
Deferred inflows-OPEB			(8,700)	
Capital assets			37,644,472	
Subscription assets			26,200	
Subscription liability			(27,080)	
Unrealized gain (loss) on investments			(33,204)	
Compensated absences			(30,612)	
Net position - GAAP basis			<u><u>\$ 45,255,844</u></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, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 1,330,881	\$ 1,330,881	\$ 970,005	\$ (360,876)
Intergovernmental	1,666,000	1,666,000	334,355	(1,331,645)
Interest and other	80,000	80,000	109,268	29,268
TOTAL REVENUES	3,076,881	3,076,881	1,413,628	(1,663,253)
EXPENDITURES:				
Operations	7,769,798	7,769,798	7,218,834	550,964
Debt service	483,051	483,051	483,050	1
Contingency	307,688	307,688	-	307,688
TOTAL EXPENDITURES	8,560,537	8,560,537	7,701,884	858,653
DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,483,656)	(5,483,656)	(6,288,256)	(804,600)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	1,974	1,974
TOTAL OTHER FINANCING SOURCES	-	-	1,974	1,974
NET CHANGE IN FUND BALANCE	(5,483,656)	(5,483,656)	(6,286,282)	(802,626)
FUND BALANCE - beginning of year	10,347,515	8,770,555	8,770,555	-
FUND BALANCE - end of year	\$ 4,863,859	\$ 3,286,899	\$ 2,484,273	\$ (802,626)
RECONCILIATION TO NET POSITION				
Net pension liability			(1,005,332)	
OPEB asset			26,001	
OPEB liability			(78,219)	
Deferred outflows-Pension			519,908	
Deferred outflows-OPEB			10,721	
Deferred inflows-Pension			(304,824)	
Deferred inflows-OPEB			(21,162)	
Capital assets, net			10,864,320	
Subscription assets, net			216,370	
Long-term debt obligations			(16,475,620)	
Accrued interest on long term obligations			(28,626)	
Lease payable			(52,238)	
Subscriptions Payable			(234,909)	
Compensated absences			(62,557)	
Unrealized gain (loss) on investments			(11,440)	
Net position - GAAP basis			<u>\$ (4,153,334)</u>	

CITY OF SHERWOOD

Sherwood, Oregon

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2023**

<u>Tax Year</u>	<u>Uncollected Balances June 30, 2022</u>	<u>2022-23 Levy</u>	<u>Interest, Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balances June 30, 2023</u>
2022-23	\$ -	\$ 9,811,868	\$ (334,368)	\$ (9,385,645)	\$ 91,855
2021-22	93,261	-	6,349	(78,804)	20,806
2020-21	29,405	-	(1,129)	(16,572)	11,704
2019-20	15,849	-	1,907	(11,602)	6,154
2018-19	6,195	-	6,169	(10,599)	1,765
2017-18	1,831	-	86	(1,078)	839
2016-17 & Prior Years	<u>4,826</u>	<u>-</u>	<u>(1,788)</u>	<u>(540)</u>	<u>2,498</u>
Total	<u>\$ 151,367</u>	<u>\$ 9,811,868</u>	<u>\$ (322,774)</u>	<u>\$ (9,504,840)</u>	<u>\$ 135,621</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 9,504,840
Other Collections/Credits	<u>(105,364)</u>
Total per budgetary statement	<u>\$ 9,399,476</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.	103-106
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	107-110
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.	111-114
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.	115
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.	116

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>2023</u>	<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>
Governmental activities										
Net investment in capital assets	75,763,244	\$ 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
Restricted	14,224,277	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
Unrestricted	1,852,156	(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
Total governmental activities net position	<u>\$ 91,839,677</u>	<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>
Business-Type activities										
Net investment in capital assets	95,019,907	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
Restricted	8,718,010	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
Unrestricted	20,697,872	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
Total business-type activities net position	<u>\$ 124,435,790</u>	<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>
Government-wide activities										
Net investment in capital assets	170,783,151	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
Restricted	22,942,287	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
Unrestricted	22,550,028	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
Total Government-wide activities net position	<u>\$ 216,275,467</u>	<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>

CITY OF SHERWOOD
Sherwood, Oregon

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
Administration	\$ 3,720,487	\$ 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
Community Development	1,139,762	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
Public Safety	6,026,875	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
Community Services	2,981,069	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
Public Works	7,017,043	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
Interest on long-term obligations	905,940	867,469	214,914	369,991	489,255	563,404	655,929	743,533	817,135	809,553
Total governmental activities	21,791,176	21,922,725	23,983,108	23,242,493	21,031,793	21,058,966	21,340,617	23,321,007	16,436,484	18,575,333
Business-Type activities:										
Water	5,164,799	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
Sewer	999,543	861,068	908,360	765,629	855,669	674,672	734,672	918,172	628,522	610,702
Storm	1,589,369	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
Broadband	2,703,586	3,832,738	1,517,041	1,602,189	571,743	465,760	351,311	236,319	257,755	253,373
Total business-type activities	10,457,297	10,291,461	8,168,368	8,315,381	6,962,914	7,036,426	6,637,937	7,380,429	6,652,570	8,020,779
Total Expenses	\$32,248,473	\$32,214,186	\$32,151,476	\$31,557,874	\$27,994,707	\$28,095,392	\$27,978,554	\$30,701,436	\$23,089,054	\$26,596,112
Revenues										
Governmental activities:										
Charges for services										
Administration	\$ 132,538	\$ 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
Community Development	2,716,865	2,597,387	1,810,672	1,129,256	1,667,307	1,687,818	694,518	580,776	446,008	687,417
Public Safety	1,164,136	53,789	7,754	70,944	82,041	69,977	10,519	10,062	17,037	8,303
Community Services	457,963	532,774	267,460	490,469	608,822	521,993	442,121	355,560	313,096	335,297
Public Works	965,707	2,823,926	827,520	748,036	740,061	702,265	747,527	687,514	616,609	632,329
Operating grants and contributions	8,760,777	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
Capital grants and contributions	7,073,104	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
General revenues and transfers	13,578,425	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
Total governmental activities	34,849,515	28,947,399	25,239,667	23,383,194	23,835,283	22,175,344	19,629,034	18,352,059	19,399,357	19,603,464
Business-Type activities:										
Charges for services										
Water	7,045,802	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
Sewer	860,879	814,211	785,373	727,464	724,723	680,741	677,284	618,813	599,113	575,710
Storm	2,377,889	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
Broadband	970,005	932,436	769,744	912,052	473,660	447,672	445,468	523,819	487,387	385,288
Operating grants and contributions	1,157,723	980,739	484,901	453,910	17,014	2,678	1,129	-	-	1,806,566
Capital grants and contributions	12,083,714	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
General revenues, special items, transfers	520,983	(192,135)	224,488	563,131	590,061	352,696	(313,665)	182,774	78,211	69,954
Total business-type activities	25,016,995	20,275,897	12,261,763	12,447,817	12,154,610	11,178,290	9,134,160	9,739,836	11,898,588	9,978,655
Total Revenues	\$59,866,510	\$49,223,296	\$37,501,430	\$35,831,011	\$35,989,893	\$33,353,634	\$28,763,194	\$28,091,895	\$31,297,945	\$29,582,119
Change in Net Position										
Governmental Activities	\$ 13,058,339	\$ 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
Business-Type Activities	14,559,698	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
Total Net (Expense)/Revenue	\$27,618,037	\$17,009,109	\$ 5,349,953	\$ 4,273,136	\$ 7,995,185	\$ 5,258,242	\$ 784,640	\$ (2,609,541)	\$ 8,208,891	\$ 2,986,007

CITY OF SHERWOOD
Sherwood, Oregon

GOVERNMENTAL FUND BALANCE
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	\$ 106,164	\$ 87,108	\$ 109,604	\$ 64,756	\$ 281,498	\$ 83,732	\$ 6,201	\$ -	\$ 179,874	\$ 328,233
Restricted	-	-	-	-	-	-	4,274	-	138,653	209,973
Committed	49,216	50,095	44,170	44,170	26,306	17,579	12,685	5,107	-	7,230
Assigned	6,434,502	2,615,867	107,409	103,924	115,185	99,505	84,870	84,870	343	139
Unassigned	3,961,286	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
Total General Fund	\$ 10,551,168	\$ 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
Street Capital*:										
Restricted	\$ 6,023,609	5,406,903	4,173,147	5,953,229	4,981,599	4,517,522	2,965,206	2,666,521	2,296,941	3,201,383
Committed	712,384	256,325	215,309	18,646	61,365	103,844	-	-	-	-
Assigned	2,088,208	1,158,422	1,039,512	177,442	45,014	22,191	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Street Capital	\$ 8,824,201	\$ 6,821,650	\$ 5,427,968	\$ 6,149,317	\$ 5,087,978	\$ 4,643,557	\$ 2,965,206	\$ 2,666,521	\$ 2,296,941	\$ 3,201,383
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
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
2021 Urban Renewal Operations:										
Nonspendable	\$ 502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	522,037	860,017	-	-	-	-	-	-	-	-
Total Urban Renewal Ops	\$ 522,539	\$ 860,017	\$ -							
2021 Urban Renewal Capital:										
Nonspendable	\$ 2,060,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	15,245,942	24,962,807	-	-	-	-	-	-	-	-
Total Urban Renewal	\$ 17,306,672	\$ 24,962,807	\$ -							
Other Governmental Funds										
Nonspendable	\$ -	\$ 5,330	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,739,548	5,153,879	3,918,716	4,161,318	3,805,545	3,294,761	3,149,491	3,577,589	2,586,328	6,773,330
Committed	410,850	10,304,457	257,156	165,516	212,906	125,439	98,470	118,983	319,008	-
Assigned	219,902	9,402,360	377,326	191,888	-	10,606	-	-	-	-
Unassigned	-	-	-	-	(48,450)	-	-	(39,503)	(10,615)	-
Total Other Governmental Funds	\$ 7,370,300	\$ 24,860,696	\$ 4,553,198	\$ 4,518,722	\$ 4,018,451	\$ 3,430,806	\$ 3,247,961	\$ 3,696,572	\$ 2,905,336	\$ 6,773,330

*From Non-Major to Major Fund in 2023

CITY OF SHERWOOD
Sherwood, Oregon

CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Property Taxes	\$ 9,399,476	\$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
Franchises and fees	2,415,789	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
Intergovernmental	8,821,370	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
Charges for services	4,285,722	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
Infrastructure development fees	2,898,028	3,155,778	948,583	2,093,142	861,646	1,022,081	765,993	1,426,131	544,726	2,836,246
Fines and forfeitures	1,151,486	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
Interest on investments	1,215,216	(25,310)	154,065	402,630	425,220	219,655	129,535	75,823	68,893	77,077
Miscellaneous	104,777	71,373	46,850	70,259	101,679	86,601	45,384	269,342	230,507	260,899
Total Revenues	30,291,864	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
Expenditures:										
Current:										
Administration	4,440,927	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
Community Development	1,846,402	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
Public Safety	6,011,407	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
Community Services	2,949,283	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
Public Works	3,138,340	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
Capital outlay	11,231,675	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
Debt service - principal	4,613,147	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
Debt service - interest	1,116,740	964,256	272,739	507,244	553,584	626,384	724,168	812,523	754,369	821,237
Total Expenditures	35,347,921	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
Excess (Deficiency) of Revenues Over Expenditures	(5,056,057)	3,439,755	1,576,437	(991,204)	2,951,957	1,702,461	47,870	944,515	(4,082,840)	1,781,015
Other Financing Sources (Uses)										
Issuance of long-term debt	-	23,615,300	-	-	-	-	-	-	-	-
Debt premium	-	3,992,887	-	-	-	-	-	-	-	-
Proceeds from subscription financing	195,601	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	54,750	-	-	-	19,012	14,979	-	-	-	-
Proceeds from sale of capital assets	40,505	10,725	10,946	11,575	14,762	2,124,196	4,793	11,791	204,500	-
Transfers in	1,548,111	830,439	2,332,686	856,827	103,916	1,087,535	102,757	315,074	4,151,500	2,505,726
Transfers out	(1,548,111)	(830,439)	(2,332,686)	(856,827)	(103,916)	(1,084,535)	(102,757)	(249,064)	(4,151,500)	(2,505,726)
Total Other Financing Sources (Uses)	290,856	27,618,912	10,946	11,575	33,774	2,142,175	4,793	77,801	204,500	-
Net change in fund balances	\$ (4,765,201)	\$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
Ratio of debt service to non-capital expenditures	25%	9%	13%	26%	18%	19%	23%	18%	19%	19%

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					
2023	\$2,288,655,700	\$ 162,959,628	\$2,451,615,328	\$5,046,600,702	\$ 3.110	48.6 %	\$246,224	\$ 139,545,321
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

(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	
2023	\$ 3.1099	\$ -	\$3.1099	\$ 5.8978	\$ 0.5552	\$ 6.4530	\$ 4.9507	\$ 3.6754	\$ 8.6261	\$18.1890
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

(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	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Portland General Electric	\$46,087,000	1	1.9%	\$15,248,000	4	0.9%
Rhino Holdings Sherwood, LLC	24,726,560	2	1.0%	N/A	-	-
WalMart Stores, Inc	23,687,676	3	1.0%	N/A	-	-
Mountain High Apartments, LLC	21,477,430	4	0.9%	N/A	-	-
Big Sunfield Lakes OR, LLE	20,538,700	5	0.8%	15,741,240	3	1.0%
Creekview Crossing SPE, LLC	17,200,750	6	0.7%	13,182,980	5	0.8%
Target Corporation	17,072,230	7	0.7%	15,961,911	2	1.0%
Sherwood Senior Living, LLC	16,487,050	8	0.7%	N/A	-	-
Cipole LLC	15,822,480	9	0.6%	N/A	-	-
Northwest Natural Gas Co	15,820,000	10	0.6%	N/A	-	-
MGP X Properties LLC	N/A	-	-	N/A	-	-
Retail Property Partners	N/A	-	-	19,021,250	1	1.2%
Allied Systems Company	N/A	-	-	11,008,540	6	0.7%
Juniper Ridge Investments	N/A	-	-	10,586,970	7	0.7%
Langer Family	N/A	-	-	9,681,840	8	0.6%
Home Depot	N/A	-	-	9,607,884	9	0.6%
JPMCC 2006-CIBC14 12th St	N/A	-	-	9,125,120	10	0.6%
	<u>\$218,919,876</u>		<u>8.93%</u>	<u>\$129,165,735</u>		<u>8.00%</u>

Source: Washington County Assessor's records

CITY OF SHERWOOD
Sherwood, Oregon

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied	Current Tax Collections	Percent of Current Taxes Collected	Adjustments/ Discounts/Interest	Total Tax Collections	Outstanding Delinquent Taxes	Ratio of Total Tax Collections to Total Tax Levy
City of Sherwood:							
2023	\$ 7,643,264	\$ 7,326,101	95.9%	\$ 248,705	\$ 7,311,245	\$ 83,314	98.9%
2022	6,994,782	6,718,243	96.0%	208,605	6,973,976	20,806	99.7%
2021	7,052,413	6,761,683	95.9%	209,093	7,040,709	11,704	99.8%
2020	6,697,994	6,413,071	95.7%	280,734	6,691,840	6,154	99.9%
2019	6,166,769	5,908,505	95.8%	188,789	6,165,004	1,765	100.0%
2018	5,904,596	5,627,507	95.3%	276,236	5,903,757	839	100.0%
2017	6,291,785	5,992,483	95.2%	299,359	6,289,287	2,498	100.0%
2016	6,454,287	6,157,490	95.4%	296,797	6,454,287	-	100.0%
2015	5,830,966	5,565,047	95.4%	265,919	5,830,966	-	100.0%
2014	5,640,111	5,352,760	94.9%	287,351	5,640,111	-	100.0%
Sherwood Urban Renewal Agency:							
2023	\$ 1,555,860	\$ 1,487,382	95.6%	\$ 68,478	\$ 1,555,860	\$ -	100.0%
2022	3,606,427	3,461,859	96.0%	132,120	3,568,565	-	100.0%
2021	2,915,106	2,794,932	95.9%	92,178	2,905,871	-	100.0%
2020	3,503,841	3,354,793	95.7%	153,069	3,503,841	-	100.0%
2019	3,809,873	3,650,316	95.8%	116,179	3,809,873	-	100.0%
2018	3,909,851	3,726,871	95.3%	183,648	3,909,851	-	100.0%
2017	3,857,367	3,673,871	95.2%	184,528	3,857,367	-	100.0%
2016	1,730,398	1,650,826	95.4%	79,572	1,730,398	-	100.0%
2015	3,561,323	3,398,911	95.4%	162,412	3,561,323	-	100.0%
2014	3,891,961	3,693,675	94.9%	198,286	3,891,961	-	100.0%
Sherwood 2021 Urban Renewal Agency:							
2023	\$ 612,744	\$ 587,318	95.9%	\$ 16,885	\$ 604,203	\$ 8,541	98.6%

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 Debt	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
2023	\$ 760,000	\$ 885,112	\$1,645,112	\$ 3,625,000	\$ 224,784	\$ 3,849,784	\$ 5,494,896	\$ 35,347,921	4.7%	15.5%	
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%	

(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		Business-Type Activities Debt (2)	Total Obligation	Ratio of Debt Percentage of Personal Income (3)		Debt Per Capita	
				Activities Non-bonded Debt (2)	Activities Non-bonded Debt (2)			Net Bonded Debt	Total Obligation	Net Bonded Debt	Total Obligation
2023	\$ 27,341,995	\$ -	\$ 27,341,995	\$ -	\$ -	\$ 40,878,617	\$ 68,220,612	0.27%	0.11%	\$ 1,352	\$ 3,374
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

(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, 2023

Jurisdiction	Net Direct Debt Outstanding	Percentage Applicable To City of Sherwood*	Amount Applicable to City of Sherwood
Overlapping debt			
Metro	\$ 822,713,920	1.05 %	\$ 8,626,978
Northwest Regional ESD	13,670,000	2.59	353,903
Port of Portland	-	0.96	-
Portland Community College	669,475,000	1.32	8,803,596
Tualatin Valley Fire and Rescue District	55,780,000	3.43	1,914,537
Washington County	164,628,758	3.21	5,291,004
School District 88J	292,793,434	58.16	170,288,369
Subtotal, overlapping debt			195,278,387
City of Sherwood direct debt		100.00	28,887,221
Total direct and overlapping debt			<u>\$ 224,165,608</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, 2023

Fiscal Year	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated RMV
2023	\$ 2,451,615,328	49%	\$ 5,046,600,702
Debt limitations (3% of total real market value)			\$ 151,398,021
Outstanding Governmental Activities-General Obligation Debt			23,615,300
Net debt margin			\$ 127,782,721
Percentage of net debt margin available			84.40%
Percentage of net debt power exhausted			15.60%

Last Ten Fiscal Years

Year	Debt Limit	Outstanding debt applicable to limitation June 30	Net Debt Margin	Percentage of Net Debt Margin Available
2023	\$ 151,398,021	\$ 23,615,300	\$ 127,782,721	84.40%
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

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)
2023	20,222	2023	3.0%	36.4	2.96	\$47,030	\$49,553
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

(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	2023			2014		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Sherwood School District	523	1	9%	442	1	8%
Lam Research Corporation	282	2	5%			
WalMart Stores Inc.	268	3	5%	237	3	4%
Allied Systems Company	220	4	4%	360	2	6%
Target Store T1868	181	5	3%	172	4	3%
NW Natural Gas	179	6	3%			
Home Depot #4015	179	7	3%	116	5	2%
City of Sherwood	150	8	3%	98	7	2%
Safeway #1800	147	9	2%			
PNW Flatwork, Inc. dba Fettig	140	10	2%			
Treske Precision Machining	135			110	6	2%
Showplace Landscape Services				76	8	1%
Albertson's LLC				75	9	1%
Fettig Commercial Constructions, Inc.				74	10	1%

Source: 2023 and 2014 Business License Database
FY2014 Annual Comprehensive Financial Reports (City and School)

CITY OF SHERWOOD
Sherwood, Oregon

MISCELLANEOUS STATISTICS
2014 through 2023

Date of incorporation	1893									
Form of government	Council/Manager									
	<u>2023</u>	<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>
Number of employees	150	142	141	140	130	114	114	112	106	98
Area in square miles	4.9	4.9	4.9	4.8	4.6	4.6	4.5	4.5	4.5	4.5
Miles of street	63	62	60	58	58	58	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	3	2
Acres of sports fields	55	55	55	55	55	55	55	55	55	55
Acres of maintained passive parks	64	64	64	64	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

COMPLIANCE SECTION



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council
City of Sherwood
Sherwood, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2024.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Kowala & Warwick, LLP

Portland, Oregon

April 29, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City Council
City of Sherwood
Sherwood, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Sherwood, Oregon's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Talbot, Kowala & Warwick, LLP

Portland, Oregon
April 29, 2024

CITY OF SHERWOOD, OREGON

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Program Title/Description	Federal Assistance Listing Number	Expenditures
U.S. Department of Health and Human Services		
Passed through Washington County:		
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	\$ 99,067
Total U.S. Department of Health and Human Services		<u>99,067</u>
U.S. Department of Justice COPS Program		
Passed through City of Tualatin:		
Community Oriented Policing Services	16.710	23,352
Total U.S. Department of Justice COPS Program		<u>23,352</u>
U.S. Department of Transportation		
Passed through Oregon Impact:		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	5,771
Total U.S. Department of Transportation		<u>5,771</u>
U.S. Department of the Treasury		
Coronavirus State and Local Fiscal Recovery Funds		
Passed through Clean Water Services:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	4,415,423
	21.027	1,340
Total U.S. Department of the Treasury		<u>4,416,763</u>
Total Federal Awards		<u>\$ 4,544,953</u>

Notes to Schedule of Expenditures of Federal Awards:

The schedule above is prepared on the modified accrual basis of accounting. Grant revenues are recorded when the City has met the qualifications for the respective grants. Expenditures are recorded when the liability is incurred. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF SHERWOOD
Sherwood, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes _____ No X
- Significant deficiency(ies) identified? Yes _____ No X
- Noncompliance material to financial statements noted? Yes _____ No X

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes _____ No X
- Significant deficiency(ies) identified? Yes _____ No X

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes _____ No X

Identification of major federal programs:

Assistance Listing Number(s) Name of Federal Program or Cluster

21.027 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes _____ No X

CITY OF SHERWOOD
Sherwood, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION II — FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY 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, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Governmental Auditing Standards*).

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*, except for:

- The following expenditures in excess of appropriations:
 - \$377,356 for administration in the General Fund;
 - \$234,991 for debt service in the General Fund; and
 - \$311 for debt service in the Urban Renewal Operations Fund;

**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)**

- There was a budget transfer resolution adopted for the Urban Renewal Operations Fund rather than a supplemental budget, which has additional notice requirements, for a budget adjustment that increased overall appropriations. Additionally, the budget adjustment made appropriations from unappropriated ending fund balance.
- There was a budget transfer resolution adopted for the General Fund rather than a supplemental budget, which has additional notice requirements, for a budget adjustment that decreased overall appropriations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, Korwala & Warwick, LLP

Portland, Oregon
April 29, 2024