



Home of the Tualatin River National Wildlife Refuge

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

CITY OF SHERWOOD

Sherwood, Oregon

Annual Comprehensive Financial Report

Year Ended June 30, 2024

Prepared by

City of Sherwood

Finance Department

CITY OF SHERWOOD

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INTRODUCTORY SECTION



Home of the Tualatin River National Wildlife Refuge

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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

Assistant City Manager
Kristen Switzer

April 23, 2025

Citizens of Sherwood
Honorable Mayor
Members of the City Council

It is our pleasure to present you with the Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR). This report documents the financial position of the City as of June 30, 2024 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, 2024. 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 fourteenth 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, 2024. 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 20,868 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 Agency) in 2021. 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 2024.

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, Public Art, Economic Development and Promotion, Community Investment and 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 two Urban Renewal Agencies last fiscal year, 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 \$110,616. This is 19.8% higher than the state MHI at \$88,740 and 9.5% higher than Washington County at \$100,121. 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 24.9% of the households.

Top 10 Property Owners Based on FY23-24 Assessed Value (In Thousands of Dollars)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Portland General Electric	\$45,805	1.8%
Wilshire Sherwood Owner LLC	30,162	1.2%
Rhino Holdings Sherwood, LLC	25,432	1.0%
Mountain High Apartments, LLC	22,122	0.9%
Big Sunfield Lakes OR, LLE	21,155	0.8%
WalMart Stores, Inc	22,927	0.9%
Target Corporation	20,690	0.8%
Creekview Crossing SPE, LLC	17,717	0.7%
Sherwood Senior Living, LLC	16,982	0.7%
Northwest Natural Gas Co	17,762	0.7%
Total	<u>\$240,753</u>	<u>9.3%</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

Tonquin Employment Area (TEA): The City of Sherwood's Tonquin Employment Area (TEA) continued to see strong economic development activity during Fiscal Year 23/24. The TEA consists of an approximately 296-acre area within the City's Urban Growth Boundary that is being actively marketed and developed with some of the largest new industrial parks in the region. 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. 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, and our industrial development partners/brokers and companies.

Recent TEA Highlights:

- Occupancy permits issued on Sherwood Commerce Center Phase 1
- Land use and building permits issued for Sherwood Commerce Center Phases 2 and 3
- Construction underway for Rock Creek Corporate Park
- New TEA tenants within the City's target industries include Olympus Controls and Studson
- City annexation of approximately 39-acres of land for infrastructure and employment land uses
- City to start construction on Ice Age Drive during Spring 2025

Citywide Business Growth: Sherwood has seen a wave of new businesses and expansions. The Sherwood Commerce Center welcomed traded-sector employers such as Studson, Blowsion, Gaylord Marine, Maxco Chain, Columbia Corrugated, Fleet Pride, and Olympus Controls. On the non-traded side, new restaurants, retail shops, and services like Ziggi's Coffee have enriched the community. Notable projects include the new 600-unit Sentinel Storage facility, opened in December 2024, and the Langer's planned racing track, expected to break ground in 2025/26 in Parkway Village South. Additionally, there are about 10 new retail businesses locating in new tenant spaces being constructed in Parkway Village South which will be completed in 2025. In Old Town Sherwood, notable businesses recently expanding or opening shop include E-bikes, Ascend Beauty Lounge, Stumpys minibar, and Araceli's.

Sherwood West Expansion: In December 2024 the Metro Council approved the Sherwood West Urban Growth Boundary Expansion. The approximately 1,300-acre planning area proposes a mix of residential and employment land uses. The approved Concept Plan calls for approximately 265-acres of employment land. At full build out these uses are estimated to accommodate up to 4,500 new jobs.

Mixed Employment District – at 130 net acres, this district is envisioned as a mix of office, light industrial, and flex space uses. The City's economic opportunities analysis identified mixed employment as a key economic development and job creation opportunity for Sherwood West. The land use plan locates Mixed Employment areas in the northern area of Sherwood West based on favorable characteristics for siting this type of use.

Hospitality District – at 63 net acres, this district is envisioned as a hospitality-focused land use designation intended to accommodate uses such as lodging, wine tasting rooms, restaurants, and small retail shops—which typically rely on strong visibility to the public, e.g., from Highway 99W. This informed the placement of the hospitality designation at Highway 99W and Kruger Road—visible from the highway and closest to the vineyard areas to the southwest of Sherwood.

Old Town Strategic Action Plan: As part of the economic development of the city, the City Council recognized that a healthy downtown core is important to city residents and visitors. It is also critical as the city works to attract companies to Sherwood since a strong town center – with a distinct “sense of place” - is important to the domestic and international economic development recruitment initiatives.

While Old Town has always been important to the city, the City Council included the specific goal for FY 2024-2025 to “Continue Revitalization of Old Town by Exploring Tools that Encourage its Distinctive Character.” The City Council indicated that the key initial deliverable should be the preparation of the Sherwood Old Town Strategic Action Plan (“Strategic Plan”).

The Strategic Plan will help define the vision for Old Town and the strategic actions needed to revitalize Old Town. To assist city staff and the consultants on issues, goals, and direction of the plan, the City Council created a project advisory committee and technical advisory committee. The project advisory committee held its first meeting in December of 2024. The technical advisory committee will be holding its first meeting around March. In addition to the two committees, city staff and the consultants will be hosting a visioning session with Old Town property owners, businesses owners and residents on February 13th. The purpose of the visioning session is to inform the public about the purpose, objectives, and timeline of the Strategic Plan, and accept input on opportunities and challenges the public sees within Old Town.

The draft plan will be sent to the City Council later this year for consideration and adoption.

CTE and STEM Programs: The City has strengthened Career and Technical Education (CTE) and STEM partnerships. Sherwood High School established connections with manufacturers like Olympus Controls and NSI, both key players in the semiconductor supply chain. Olympus has proposed donating manufacturing equipment to the high school, and Lam Research hired 20 Sherwood High graduates for well-paying, entry-level roles last year. The city continues collaborating with state agencies and educational institutions to address workforce needs and support the growth of local traded-sector industries.

CRITICAL FINANCIAL INFORMATION

Budget: The total City budget for Fiscal Year 2024 (FY24) is \$111.3 million. Only \$18.8 million (16.9%) of the revenue supporting the budget is available for general purposes. The remaining portion of the budget (\$92.5 million) is constrained by statute or loan covenants to specific purposes, primarily infrastructure construction and maintenance.

Debt: As of June 30, 2024, the city had outstanding notes payable of \$66.3 million, and outstanding leases and subscriptions of \$0.6 million. Total debt was \$66.9 million. The notes payable debt as well as leases 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, 2024. 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, 2023. This was the twelfth 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 2023-24. This was the 22nd 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,



Craig Sheldon
City Manager



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, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF SHERWOOD
Sherwood, Oregon

CITY OFFICIALS
JUNE 30, 2024

ELECTED OFFICIALS

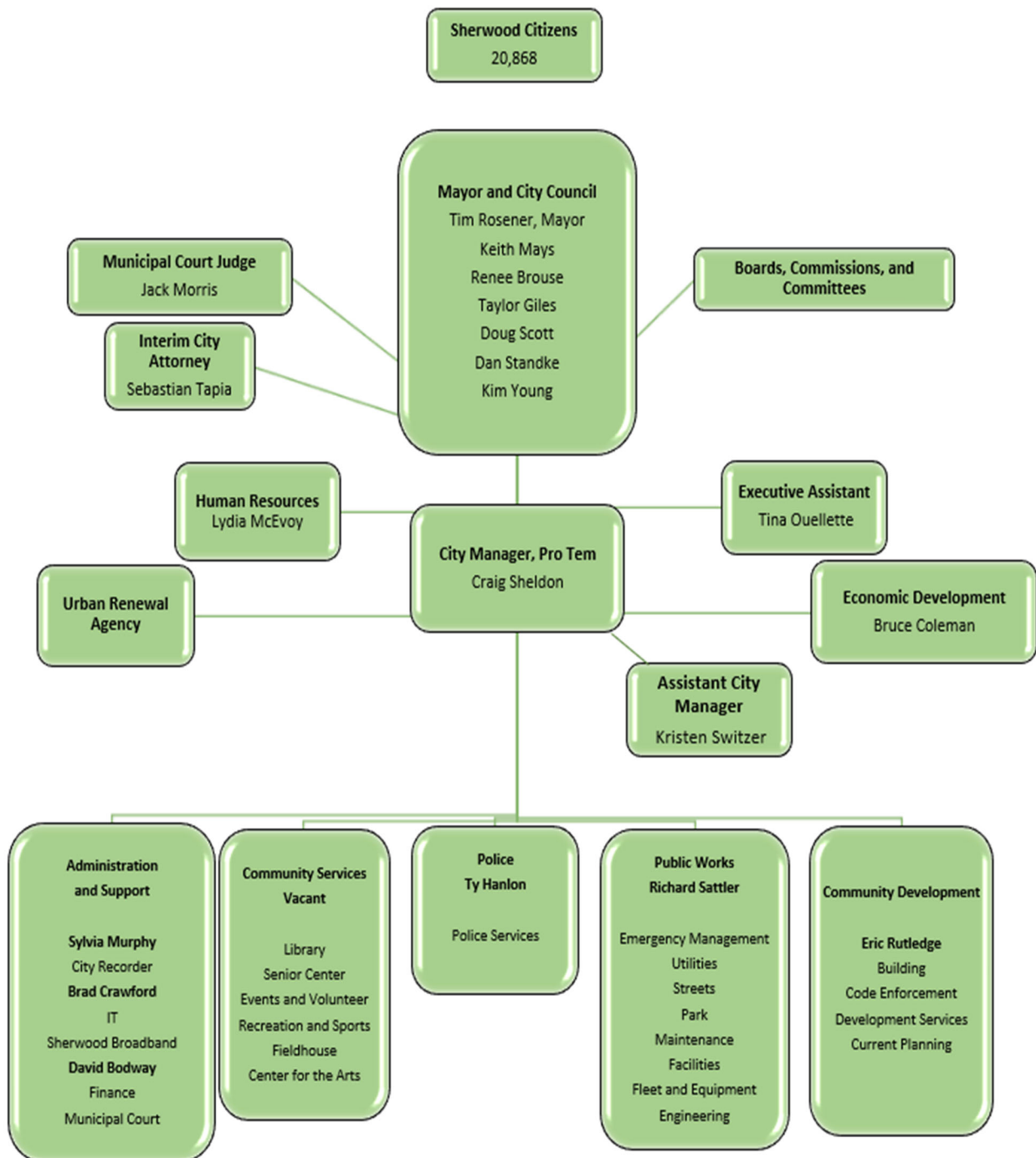
Name	Term Expires
Mayor Tim Rosener	January 2025
Councilor Keith Mays	January 2027
Councilor Renee Brouse	January 2025
Councilor Taylor Giles	January 2027
Councilor Doug Scott	January 2027
Councilor Dan Standke	January 2025
Councilor Kim Young	January 2025

PRINCIPAL ADMINISTRATIVE OFFICIALS

Name	Title
Craig Sheldon	City Manager, Pro Tem
David Bodway III, Executive MPA	Finance Director
Sebastian Tapia	Interim City Attorney

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

2024 CITY OF SHERWOOD ORGANIZATION CHART



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



Your peace of mind is our passion.

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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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, as 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, 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 GAAS. 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 Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated April 23, 2025 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
April 23, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

This section of the City of Sherwood's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024 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, 2024 (FY24). 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 FY24 by \$227.0 million (net position). Of this amount, \$26.8 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position).
- Current assets were \$86.0 million at the end of FY24. Of that amount, \$80.4 million (93%) of current assets were in cash and investments. Sherwood's current assets decreased by \$3.3 million (3.6%) during FY24. This is due to the start and continuation of some large capital projects the city has undertaken in the 2021 Urban Renewal Agency.
- Sherwood had capital and long-term assets (net of depreciation) of \$231.3 million at the end of FY24. Sherwood's capital and long-term assets increased by \$14.8 million during FY24. 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 \$40.6 million, a decrease of approximately \$4.0 million (9.0%) for the fiscal year.
- In the aggregate, the proprietary funds' ending fund balance equivalent, *Net Position*, was \$131.8 million, an increase of \$7.4 million (5.9%), for the fiscal year.
- Total property tax revenue was \$9.1 million, a decrease of \$0.3 million (3.1%), 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, 2024

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, 2024.

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, 2024**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Statement of Net Position

Table 1 shows that the City's total net position increased from \$216.3 million to \$227.0 million during FY24. This was an increase of \$10.7 million or 5.0%.

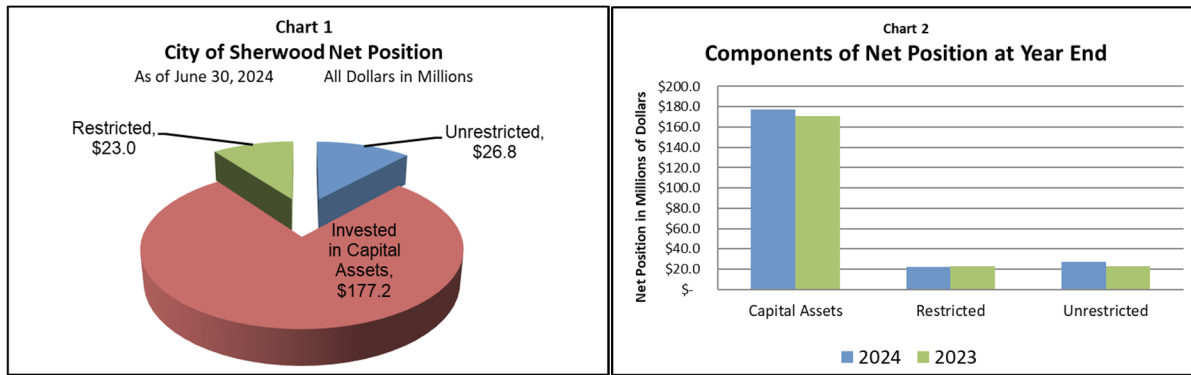
Table 1 Sherwood's Net Position At Fiscal Year End (June 30, 2024 and 2023) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS:						
Current assets	\$ 45.3	\$ 47.6	\$ 40.8	\$ 42.9	\$ 86.0	\$ 89.3
Long-term assets	1.6	1.7	1.3	1.3	2.9	3.0
Capital assets	93.6	85.8	134.8	127.7	228.4	213.5
TOTAL ASSETS	140.5	135.0	176.8	171.9	317.4	305.9
DEFERRED OUTFLOWS:	6.6	6.2	1.2	1.3	7.8	7.5
LIABILITIES:						
Current liabilities	5.2	3.4	5.5	5.8	10.7	9.2
Long-term liabilities	43.9	40.6	40.5	42.0	84.4	82.7
TOTAL LIABILITIES	49.2	44.0	45.9	47.8	95.1	91.9
DEFERRED INFLOWS:	2.7	5.4	0.2	0.8	3.0	6.2
NET POSITION:						
Invested in capital assets	73.2	75.8	104.0	95.0	177.2	170.8
Restricted	16.0	14.2	7.0	8.7	23.0	22.9
Unrestricted	6.0	1.9	20.8	20.7	26.8	22.6
TOTAL NET POSITION	\$ 95.2	\$ 91.8	\$ 131.8	\$ 124.4	\$ 227.0	\$ 216.3

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 \$177.2 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 \$23.0 million relates to amounts that are legally restricted for specific future obligations. Unrestricted net position of \$26.8 million is available to meet the City's on-going obligations.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

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 2024 and 2023. 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

- Overall revenue decreased by a net of \$6.5 million (18.7%) primarily due to the decrease in operating grants/contributions.
 - Operating grants/contributions decreased due to the use of \$4.4 million in American Rescue Plan Act (ARPA) dollars in FY23.
 - Property taxes also decreased by \$0.3 million due to the closure of one of our URA's that wrapped up operations and returned unspent property tax revenue in FY23.
 - Capital grants and contributions also decreased by \$1.9 million due to economic conditions that are impacting residential and commercial development.
 - Total expenses increased \$3.2 million (14.7%) in FY24 mainly in response to the filling of open positions, cost of living increases, and double digit increases in health care costs provided to our employees.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Proprietary Activities

- Overall revenue decreased from the prior year by \$6.5 million (25.8%) due to the decrease in capital grants/contributions.
 - Charges for services increased by \$0.3 million (3.0%) mainly due to a 2% increase in utility rate payer revenue and the continued expansion of Sherwood Broadband which showed an increase of 19.3% in charges for services.
 - Capital grants/contributions decreased by \$8.5 million (70.1%) due to decreased development activity resulting in decreased System Development Charges (SDCs).
 - Total expenses increased \$.6 million (6.6%) in FY24 mainly in response to the filling of open positions, cost of living increases, and double digit increases in health care costs provided to our employees.

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table 2 Statement of Activities For the Fiscal Years Ending (June 30, 2024 and 2023) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
<u>Program Revenues</u>						
Charges for services	\$ 5.0	\$ 5.4	\$ 11.6	\$ 11.3	\$ 16.6	\$ 16.7
Operating grants/contributions	4.4	8.8	1.4	1.2	5.8	9.9
Capital grants/contributions	5.2	7.1	3.6	12.1	8.9	19.2
<u>General revenues</u>						
Property taxes	9.0	9.3	-	-	9.0	9.3
Franchise fees	2.6	2.4	-	-	2.6	2.4
Other general revenue	2.1	1.9	1.9	0.5	4.1	2.4
Total revenues	<u>28.4</u>	<u>34.9</u>	<u>18.5</u>	<u>25.0</u>	<u>46.9</u>	<u>59.9</u>
Expenses						
<u>Governmental Activities</u>						
Administration	5.7	3.7	-	-	5.7	3.7
Community development	1.9	1.1	-	-	1.9	1.1
Public safety	6.7	6.0	-	-	6.7	6.0
Community services	3.2	3.0	-	-	3.2	3.0
Public works	6.8	7.0	-	-	6.8	7.0
Interest on long-term debt	0.7	0.9	-	-	0.7	0.9
<u>Business-Type Activities</u>						
Water	-	-	5.7	5.2	5.7	5.2
Sanitary	-	-	1.1	1.0	1.1	1.0
Storm	-	-	2.0	1.6	2.0	1.6
Broadband	-	-	2.3	2.7	2.3	2.7
Total expenses	<u>25.0</u>	<u>21.8</u>	<u>11.1</u>	<u>10.5</u>	<u>36.1</u>	<u>32.2</u>
Change in net position	3.4	13.1	7.4	14.5	10.8	27.7
Beginning 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>
Ending Net Position	\$ 95.2	\$ 91.8	\$ 131.8	\$ 124.4	\$ 227.0	\$ 216.3

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS

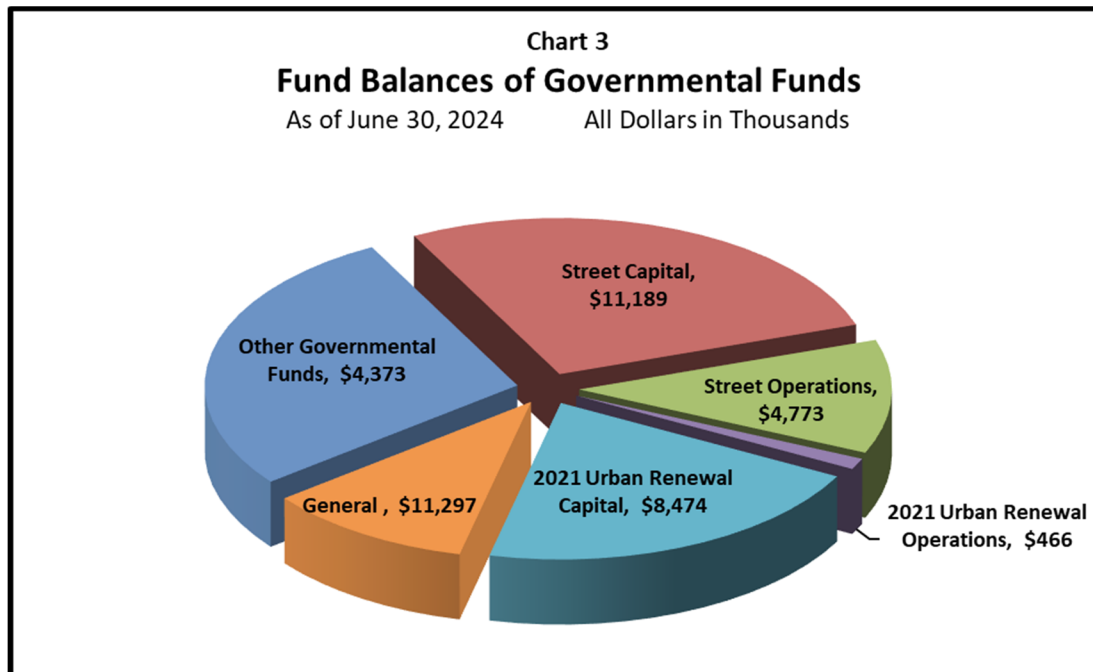
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and accounting standards. While there are numerous ways of categorizing funds, for simplicity sake, this report will continue the format initiated above, using the *Governmental* activities and *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 \$4.0 million (9.0%).

Table 3 Governmental Funds: Changes in Fund Balance Fiscal Year 2024 <i>On a Modified Accrual Basis - In Thousands of Dollars</i>							
	General	Street Capital	Street Operations	2021 Urban Renewal Operations	2021 Urban Renewal Capital	Other Governmental Funds	Totals
Beginning Fund Balances	\$10,551	\$ 8,824	\$ 4,519	\$ 523	\$ 17,307	\$ 2,851	\$ 44,575
Change in Fund Balances	746	2,365	255	(56)	(8,833)	1,522	(4,002)
Ending Fund Balances June 30, 2024	\$11,297	\$ 11,189	\$ 4,773	\$ 466	\$ 8,474	\$ 4,373	\$ 40,573



CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

Governmental Funds in Total (Continued)

- The General Fund increased by 7.1% due to a combination of a few factors; property taxes, charges for services and interest revenues came in higher than originally anticipated and expenditures were less than originally budgeted. We had several open positions throughout the fiscal year across all departments as well as a few projects in Public Works getting pushed out to future years.
- The Street Capital Fund increased by 26.8% due mainly to limited construction activity in FY24 as some projects were delayed. 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 Street Operations fund increased by 5.6% due mainly to the continual effort of the city to control costs as well as a few open positions that could not be filled.
- The 2021 Urban Renewal Operations Fund decreased 10.8% due to ongoing debt service payments and limited property tax revenues as this fund is fairly new and takes time for development to occur.
- The 2021 Urban Renewal Capital Fund decreased 51.0% due to ongoing large capital projects and the use of bond proceeds to fund these various projects.

CITY OF SHERWOOD, OREGON

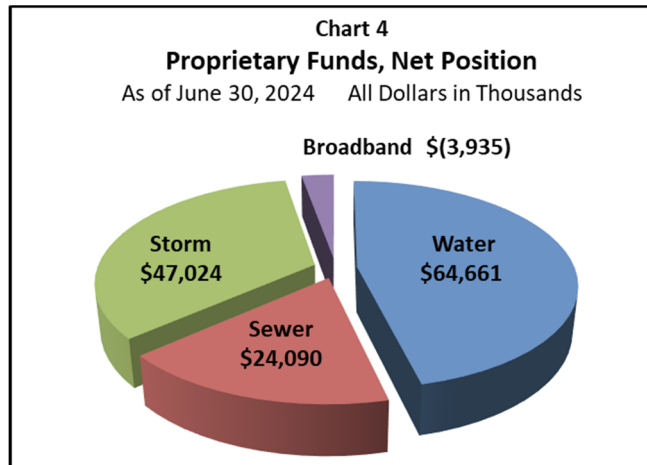
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

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 \$131.8 million, \$7.4 million (5.95%) higher than last year.

Table 4 Proprietary Funds, Changes in Net Position Fiscal Year 2024					
<i>On an Accrual Basis</i>			<i>In Thousands of Dollars</i>		
	Water	Sewer	Storm	Broadband	Totals
Beginning Net Position	\$ 60,060	\$ 23,273	\$ 45,256	\$ (4,153)	\$ 124,436
Change in Net Position	4,601	817	1,768	218	7,404
Net Position June 30, 2024	\$ 64,661	\$ 24,090	\$ 47,024	\$ (3,935)	\$ 131,840



- Water – increased 7.7% due to revenue from utility rates, development fees and interest earnings on investments. Operating expenses remains low due to some capital projects being delayed.
- Sewer – increased 3.5% in revenue related to development and contributed assets from private developers.
- Storm – increased 3.9% due to revenue from utility rates as well as contributed assets from private developers.
- Broadband – increased 5.3% due to the continual buildout of our fiber network that allows new customers signing up for this service.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

4. GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget. The General Fund budgetary schedule (on page 78) shows that during the year City Council approved an appropriation transfer of \$50,000 between Contingency and Transfers out resulting in no net increase in expenditure appropriations.

Final Budget Compared to Actual Results. The year-end fund balance was \$2.6 million higher than budgeted with major variances as follows.

- Revenue came in \$0.6 million over budget due mainly to charges for services coming in higher than originally budgeted. Charges for services is highly dependent on residential and commercial construction in the General Fund and can be challenging to budget given the current economic conditions.
- 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 lower than in previous fiscal year due to the large one time transfer out to the community investment fund. 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, 2024**

5. CAPITAL ASSETS

Government wide, capital assets increased to \$228.4 million in FY24. This was an increase of \$14.9 million (7.0%).

Table 5 Government Wide Capital Assets Net of Depreciation For the Fiscal Years Ending (June 30, 2024 and 2023) <i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 15.9	\$ 15.8	\$ 0.2	\$ 0.2	\$ 16.1	\$ 16.1
Intangibles	10.1	10.0	13.6	13.5	23.7	23.5
Construction In Progress	19.8	10.6	19.4	14.6	39.2	25.2
Infrastructure	22.9	23.8	101.1	99.0	124.0	122.7
Buildings & Improvements	20.6	21.2	0.0	0.0	20.6	21.2
Machinery and Equipment	1.9	1.8	0.2	0.1	2.1	1.9
Vehicles	2.1	1.9	-	-	2.1	2.0
Right of Use	0.3	0.5	0.2	0.3	0.5	0.8
Total Capital Assets	\$ 93.6	\$ 85.7	\$ 134.7	\$ 127.7	\$ 228.4	\$ 213.5
Accumulated Depreciation	\$ 97.8	\$ 94.0	\$ 23.0	\$ 21.5	\$ 120.8	\$ 115.5

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

Governmental Activities:

- CWIP Infrastructure: \$9.2 million
- Infrastructure: down \$0.9 million
- Buildings & Impr: down \$0.5 million

Proprietary Activities:

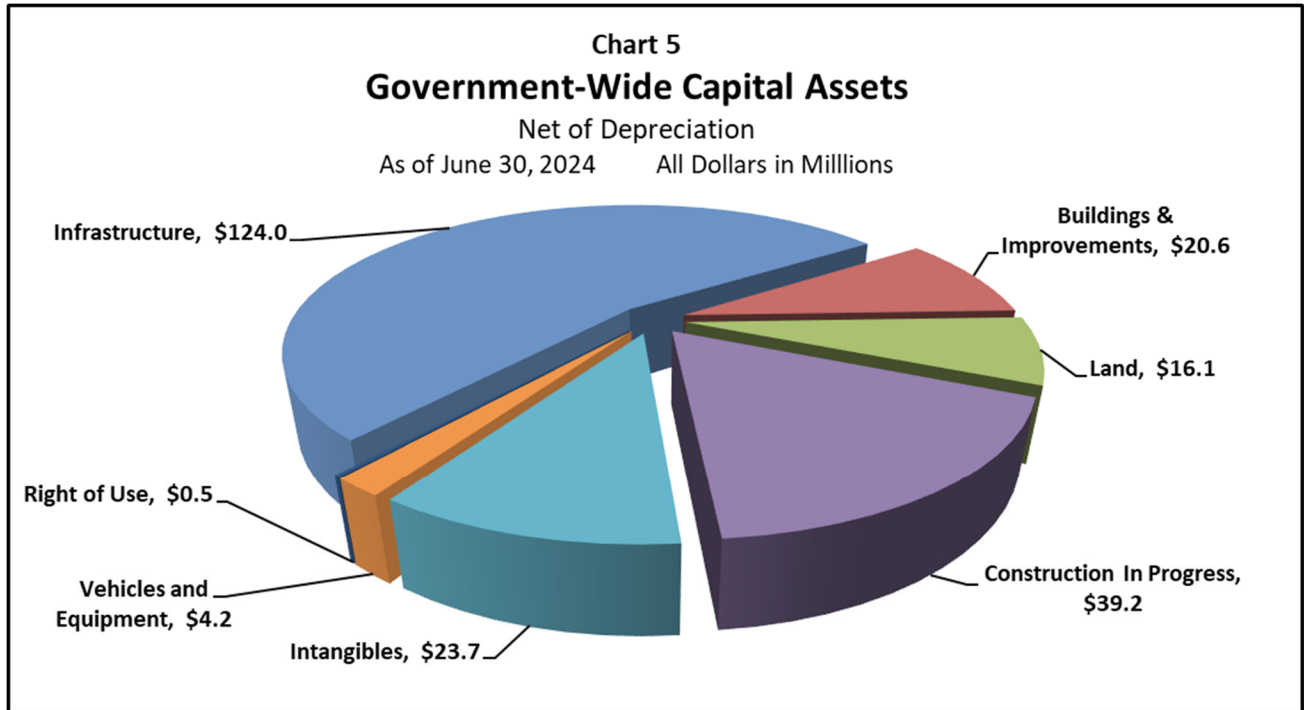
- Water, Storm water and Broadband improvements: \$2.1 million
- CWIP: \$4.8 million

CITY OF SHERWOOD, OREGON

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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, 2024

6. DEBT OUTSTANDING

On June 30, 2024, the City had long term debt obligations of \$66.90 million. Of this amount, \$27.21 million will be serviced by tax increment revenues and \$39.13 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, 2024 and 2023)						
<i>In Millions of Dollars</i>						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Full Faith and Credit	\$ -	\$ -	\$ 39.13	\$ 40.88	\$ 39.13	\$ 40.88
Tax Increment Revenue	27.21	27.34	-	-	27.21	27.34
Leases and Subscriptions	0.36	0.61	0.20	0.41	0.56	1.02
Total Outstanding Debt	\$ 27.57	\$ 27.95	\$ 39.33	\$ 41.29	\$ 66.90	\$ 69.24

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, 2024**

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, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 41,784,796	\$ 38,623,646	\$ 80,408,442
Internal balances	91,032	(91,032)	-
Receivables, net	1,842,608	2,125,347	3,967,955
Lease receivable, current portion	121,205	-	121,205
Prepays	1,453,851	97,650	1,551,501
Total current assets	45,293,492	40,755,611	86,049,103
Noncurrent assets:			
Lease receivable, noncurrent portion	1,405,254	-	1,405,254
Investment in joint ventures	-	1,233,646	1,233,646
Net other post employment benefits asset	221,183	58,721	279,904
Capital assets:			
Land, improvements and construction in progress	45,740,538	33,254,632	78,995,170
Other capital assets, net	47,872,059	101,516,362	149,388,421
Total noncurrent assets	95,239,034	136,063,361	231,302,395
TOTAL ASSETS	140,532,526	176,818,972	317,351,498
DEFERRED OUTFLOWS			
Pension	6,508,885	1,176,413	7,685,298
Other Post Employment Benefits	72,287	19,191	91,478
TOTAL DEFERRED OUTFLOWS	6,581,172	1,195,604	7,776,776
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	3,613,884	3,173,370	6,787,254
Payroll payable	834,826	210,305	1,045,131
Accrued interest	69,052	86,558	155,610
Current portion of long-term obligations	713,770	2,008,818	2,722,588
Total current liabilities	5,231,532	5,479,051	10,710,583
Noncurrent liabilities:			
Net pension liability	15,413,080	2,785,752	18,198,832
Total other post employment benefits obligation	629,345	167,082	796,427
Noncurrent portion of long-term obligations	27,888,417	37,514,674	65,403,091
Total noncurrent liabilities	43,930,842	40,467,508	84,398,350
TOTAL LIABILITIES	49,162,374	45,946,559	95,108,933
DEFERRED INFLOWS			
Pension	1,082,219	195,600	1,277,819
Other post employment benefits	123,610	32,816	156,426
Lease resources	1,526,459	-	1,526,459
TOTAL DEFERRED INFLOWS	2,732,288	228,416	2,960,704
NET POSITION:			
Net investment in capital assets	73,237,367	103,986,321	177,223,688
Restricted for:			
Capital projects	8,987,512	6,982,526	15,970,038
Street and roadside maintenance	4,771,404	-	4,771,404
Urban renewal projects	1,759,425	-	1,759,425
Tourism	43,160	-	43,160
Grants	163,315	-	163,315
OPEB Asset	221,183	58,721	279,904
Unrestricted (Deficit)	6,035,670	20,812,033	26,847,703
TOTAL NET POSITION	\$ 95,219,036	\$ 131,839,601	\$ 227,058,637

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues				Net Revenue (Expense) and Change in Net Position		
ACTIVITIES	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
Administration	\$ 5,661,035	\$ 92,500	\$ 1,028,166	\$ -	\$ (4,540,369)	\$ -	\$ (4,540,369)
Community Development	1,908,926	1,465,768	154,456	-	(288,702)	-	(288,702)
Public Safety	6,700,617	1,802,694	-	301,477	(4,596,446)	-	(4,596,446)
Community Services	3,202,343	613,778	1,145,124	-	(1,443,441)	-	(1,443,441)
Public Works	6,770,326	1,035,887	2,036,688	4,933,656	1,235,905	-	1,235,905
Interest on long-term obligations	746,295	-	-	-	(746,295)	-	(746,295)
Total governmental activities	24,989,542	5,010,627	4,364,434	5,235,133	(10,379,348)	-	(10,379,348)
Business-Type activities:							
Water	5,655,846	7,141,803	-	1,878,982	-	3,364,939	3,364,939
Sewer	1,125,934	776,807	32,250	929,616	-	612,739	612,739
Storm	2,017,720	2,520,854	35,000	810,322	-	1,348,456	1,348,456
Broadband	2,343,816	1,157,532	1,330,825	-	-	144,541	144,541
Total business-type activities	11,143,316	11,596,996	1,398,075	3,618,920	-	5,470,675	5,470,675
Total	\$ 36,132,858	\$ 16,607,623	\$ 5,762,509	\$ 8,854,053	(10,379,348)	5,470,675	(4,908,673)
GENERAL REVENUES							
Property taxes					9,038,230	-	9,038,230
Franchise fees and taxes					2,594,562	-	2,594,562
Unrestricted interest earnings					1,960,742	1,928,864	3,889,606
Gain (Loss) on disposal of assets					-	3,088	3,088
Miscellaneous					165,173	1,184	166,357
TOTAL GENERAL REVENUES AND TRANSFERS					13,758,707	1,933,136	15,691,843
CHANGE IN NET POSITION					3,379,359	7,403,811	10,783,170
NET POSITION, June 30, 2023					91,839,677	124,435,790	216,275,467
NET POSITION, June 30, 2024					\$ 95,219,036	\$ 131,839,601	\$ 227,058,637

See notes to basic financial statements

CITY OF SHERWOOD
Sherwood, Oregon

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Street Capital Fund	Street Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Nonmajor Governmental Funds	Totals
ASSETS:							
Cash and investments	\$ 12,100,910	\$ 11,581,975	\$ 4,587,921	\$ 491,327	\$ 8,586,468	\$ 4,436,195	\$ 41,784,796
Due from other funds	91,032	-	-	-	-	-	91,032
Receivables	1,448,691	-	266,837	41,261	-	85,819	1,842,608
Lease receivable	1,526,459	-	-	-	-	-	1,526,459
Prepays	134,109	-	2,000	-	1,317,742	-	1,453,851
TOTAL ASSETS	\$ 15,301,201	\$ 11,581,975	\$ 4,856,758	\$ 532,588	\$ 9,904,210	\$ 4,522,014	\$ 46,698,746
LIABILITIES:							
Accounts payable	\$ 1,285,156	\$ 78,194	\$ 28,178	\$ 16,475	\$ 1,318,830	\$ 139,386	\$ 2,866,219
Payroll payable	784,934	2,062	33,808	8,165	3,656	2,201	834,826
Other current liabilities	298,668	312,760	21,368	-	107,902	6,967	747,665
TOTAL LIABILITIES	2,368,758	393,016	83,354	24,640	1,430,388	148,554	4,448,710
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue, leases	1,526,459	-	-	-	-	-	1,526,459
Unavailable revenue, misc	9,790	-	-	-	-	-	9,790
Unavailable revenue, property taxes	98,780	-	-	41,707	-	-	140,487
TOTAL DEFERRED INFLOWS OF RESOURCES	1,635,029	-	-	41,707	-	-	1,676,736
FUND BALANCES:							
Nonspendable in form	134,109	-	2,000	-	1,317,742	-	1,453,851
Restricted for:							
Capital Projects	-	7,269,488	-	-	-	1,718,024	8,987,512
Street Maintenance	-	-	4,771,404	-	-	-	4,771,404
Urban Renewal Projects	-	-	-	466,241	7,156,080	-	7,622,321
Tourism	-	-	-	-	-	43,160	43,160
Grants	-	-	-	-	-	163,315	163,315
Committed to:							
Capital Projects	-	1,395,338	-	-	-	410,850	1,806,188
Public Art	118,968	-	-	-	-	-	118,968
Economic Development and Promotion	229,791	-	-	-	-	-	229,791
Community Investment	4,271,346	-	-	-	-	-	4,271,346
School District	31,275	-	-	-	-	-	31,275
Assigned to:							
Risk Management	32,353	-	-	-	-	-	32,353
Capital Projects	-	2,524,133	-	-	-	2,038,111	4,562,244
Fleet Replacement	84,870	-	-	-	-	-	84,870
Subsequent Years Appropriation of Fund Balance	2,051,820	-	-	-	-	-	2,051,820
Unassigned	4,342,882	-	-	-	-	-	4,342,882
TOTAL FUND BALANCES	11,297,414	11,188,959	4,773,404	466,241	8,473,822	4,373,460	40,573,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,301,201	\$ 11,581,975	\$ 4,856,758	\$ 532,588	\$ 9,904,210	\$ 4,522,014	\$ 46,698,746

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2024**

TOTAL FUND BALANCE \$ 40,573,300

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	\$ 191,454,370	
Accumulated depreciation	<u>(97,841,773)</u>	93,612,597

Other post employment benefit assets are not financial resources for budgetary purposes and are therefore not reported in the governmental funds		221,183
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A portion of the City's receivables are collected after year-end but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are unavailable and are reported as such in the governmental funds.		150,277
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Deferred Inflows - Pension		(1,082,219)
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Deferred Inflows - Other Post Employment Benefits		(123,610)
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Deferred Outflows - Pension		6,508,885
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Deferred Outflows - Other Post Employment Benefits		72,287
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Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		(1,034,491)
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Liabilities not payable in the current year are not reported as governmental fund liabilities.

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

Bonds, notes, subscriptions, and leases payable	\$ (23,974,097)	
Premium on bonds	(3,593,599)	
Pension liability	(15,413,080)	
OPEB liability	(629,345)	
Accrued interest payable	<u>(69,052)</u>	<u>(43,679,173)</u>

TOTAL NET POSITION		<u>\$ 95,219,036</u>
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See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Street Capital Fund	Street Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Other Nonmajor Governmental Funds	Totals
REVENUES:							
Property Taxes	\$ 8,009,568	\$ -	\$ -	\$ 1,099,950	\$ -	\$ -	\$ 9,109,518
Franchises and fees	2,572,879	-	-	-	-	21,683	2,594,562
Intergovernmental	2,569,408	-	2,036,688	9,375	-	249,285	4,864,756
Charges for services	2,328,967	65,078	741,862	-	-	87,909	3,223,816
Infrastructure development fees	-	1,695,835	-	-	-	1,677,155	3,372,990
Fines and forfeitures	1,786,811	-	-	-	-	-	1,786,811
Interest on investments	502,913	471,296	231,752	47,368	504,479	202,934	1,960,742
Miscellaneous	152,585	-	12,588	-	-	-	165,173
TOTAL REVENUES	17,923,131	2,232,209	3,022,890	1,156,693	504,479	2,238,966	27,078,368
EXPENDITURES:							
Current:							
Administration	2,076,289	-	-	341,503	2,788,375	-	5,206,167
Community Development	1,993,709	-	-	-	-	-	1,993,709
Public Safety	6,516,096	-	-	-	-	-	6,516,096
Community Services	3,125,791	-	-	-	-	-	3,125,791
Public Works	2,651,771	222,183	2,005,157	-	-	336,975	5,216,086
Noncurrent							
Capital Outlay	1,046,782	550	-	-	6,548,954	296,347	7,892,633
Debt Service - Principal	278,410	-	-	-	-	-	278,410
Debt Service - Interest	7,903	-	-	871,488	-	-	879,391
TOTAL EXPENDITURES	17,696,751	222,733	2,005,157	1,212,991	9,337,329	633,322	31,108,283
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	226,380	2,009,476	1,017,733	(56,298)	(8,832,850)	1,605,644	(4,029,915)
OTHER FINANCING SOURCES (USES)							
Issuance of lease financing	28,335	-	-	-	-	-	28,335
Transfers in	491,531	763,138	-	-	-	407,856	1,662,525
Transfers out	-	(407,856)	(763,138)	-	-	(491,531)	(1,662,525)
TOTAL OTHER FINANCING SOURCES (USES)	519,866	355,282	(763,138)	-	-	(83,675)	28,335
NET CHANGE IN FUND BALANCES	746,246	2,364,758	254,595	(56,298)	(8,832,850)	1,521,969	(4,001,580)
FUND BALANCE - 6/30/2023, as previously presented	10,551,168	8,824,201	-	522,539	17,306,672	7,370,300	44,574,880
Change within financial reporting entity (nonmajor to major fund)	-	-	4,518,809	-	-	(4,518,809)	-
FUND BALANCE - beginning of year	10,551,168	8,824,201	4,518,809	522,539	17,306,672	2,851,491	44,574,880
FUND BALANCES - end of year	\$ 11,297,414	\$ 11,188,959	\$ 4,773,404	\$ 466,241	\$ 8,473,822	\$ 4,373,460	\$ 40,573,300

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, 2024**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (4,001,580)**

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

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

Expenditures capitalized	\$ 10,609,854	
Gain (Loss) on disposal/transfer of capital assets	(93,290)	
Depreciation and amortization	<u>(4,042,048)</u>	6,474,516

Contributions of capital assets are not recorded as revenues in the fund statements		1,352,031
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Proceeds from financing of bonds, loans, leases, and subscriptions are revenues in the governmental funds, but increase liabilities in the Statement of Net Position		(28,335)
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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.		(61,498)
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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	14,990	
Principal on subscription financing	263,420	
Principal on bonds and notes	<u>133,096</u>	411,506

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	(671,353)	
OPEB Expense	2,209	
Compensated absences	<u>(98,137)</u>	<u>(767,281)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,379,359**

CITY OF SHERWOOD

Sherwood, Oregon

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2024

	Water	Sewer	Storm	Broadband	Totals
ASSETS:					
Current assets:					
Cash and investments	\$ 25,039,397	\$ 4,262,713	\$ 9,321,536	\$ -	\$ 38,623,646
Receivables, net	1,229,368	380,155	261,740	254,084	2,125,347
Prepays	4,870	185	385	92,210	97,650
Total current assets	26,273,635	4,643,053	9,583,661	346,294	40,846,643
Noncurrent assets:					
Investment in joint ventures	1,233,646	-	-	-	1,233,646
Net other post employment benefits asset	13,369	6,639	12,246	26,467	58,721
Right to Use Assets - Subscriptions	34,457	9,145	12,193	126,095	181,890
Land, improvements and construction in progress	11,114,299	3,933,345	11,800,035	6,406,953	33,254,632
Other capital assets, net	51,604,977	16,417,741	26,271,884	7,039,870	101,334,472
Total noncurrent assets	64,000,748	20,366,870	38,096,358	13,599,385	136,063,361
TOTAL ASSETS	90,274,383	25,009,923	47,680,019	13,945,679	176,910,004
DEFERRED OUTFLOWS :					
Pension	301,014	133,873	255,409	486,117	1,176,413
Other post employment benefits	4,369	2,170	4,002	8,650	19,191
TOTAL DEFERRED OUTFLOWS	305,383	136,043	259,411	494,767	1,195,604
LIABILITIES:					
Current liabilities:					
Accounts payable and other current liabilities	2,149,496	645,463	145,053	233,358	3,173,370
Payroll payable	52,547	16,744	32,973	108,041	210,305
Due to other funds	-	-	-	91,032	91,032
Accrued interest payable	58,174	-	-	28,384	86,558
Current Portion:					
Accrued compensated absences	17,388	8,698	14,098	40,651	80,835
Loans payable	1,676,575	-	-	124,829	1,801,404
Subscriptions payable	35,290	9,931	13,509	67,849	126,579
Total current liabilities	3,989,470	680,836	205,633	694,144	5,570,083
Long-term liabilities:					
Noncurrent Portion:					
Accrued compensated absences	26,083	13,046	21,147	60,977	121,253
Loans payable	21,094,847	-	-	16,229,019	37,323,866
Subscriptions payable	-	201	-	69,354	69,555
Total pension liability	712,800	317,013	604,810	1,151,129	2,785,752
Net other post employment benefits obligation	38,041	18,890	34,844	75,307	167,082
Total long-term liabilities	21,871,771	349,150	660,801	17,585,786	40,467,508
TOTAL LIABILITIES	25,861,241	1,029,986	866,434	18,279,930	46,037,591
DEFERRED INFLOWS:					
Pension	50,050	22,259	42,466	80,825	195,600
Other post employment benefits	7,472	3,711	6,843	14,790	32,816
TOTAL DEFERRED INFLOWS	57,522	25,970	49,309	95,615	228,416
NET POSITION:					
Net investment in capital assets	46,950,106	20,350,099	38,070,603	(1,384,487)	103,986,321
Restricted for capital improvements	3,409,760	2,827,099	745,667	-	6,982,526
Restricted OPEB asset	13,369	6,639	12,246	26,467	58,721
Unrestricted	14,287,768	906,173	8,195,171	(2,577,079)	20,812,033
TOTAL NET POSITION	\$ 64,661,003	\$ 24,090,010	\$ 47,023,687	\$ (3,935,099)	\$ 131,839,601

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, 2024

	Water	Sewer	Storm	Broadband	Totals
OPERATING REVENUES:					
Charges for services	\$ 7,141,803	\$ 776,807	\$ 2,520,854	\$ 1,157,532	\$ 11,596,996
Intergovernmental	-	32,250	35,000	1,330,825	1,398,075
Miscellaneous	1,185	-	-	-	1,185
TOTAL OPERATING REVENUES	7,142,988	809,057	2,555,854	2,488,357	12,996,256
OPERATING EXPENSES:					
Personnel services	766,864	363,224	728,624	594,466	2,453,178
Materials and services	3,427,282	561,217	944,955	1,083,813	6,017,267
Depreciation and Amortization	808,974	201,493	344,141	304,501	1,659,109
TOTAL OPERATING EXPENSES	5,003,120	1,125,934	2,017,720	1,982,780	10,129,554
OPERATING INCOME (LOSS)	2,139,868	(316,877)	538,134	505,577	2,866,702
NONOPERATING INCOME (EXPENSE):					
Interest expense	(625,238)	-	-	(361,036)	(986,274)
Interest earnings	1,233,663	203,664	417,843	73,694	1,928,864
Loss in equity in joint ventures	(27,488)	-	-	-	(27,488)
Gain on disposal of assets	772	772	1,544	-	3,088
TOTAL NONOPERATING INCOME (EXPENSE)	581,709	204,436	419,387	(287,342)	918,190
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,721,577	(112,441)	957,521	218,235	3,784,892
Capital Contributions - System development fees	1,279,858	262,157	156,050	-	1,698,065
Capital Contributions - Contributed assets	599,124	667,459	654,272	-	1,920,855
CHANGE IN NET POSITION	4,600,559	817,175	1,767,843	218,235	7,403,811
NET POSITION, June 30, 2023	60,060,444	23,272,835	45,255,844	(4,153,334)	124,435,790
NET POSITION, June 30, 2024	\$ 64,661,003	\$ 24,090,010	\$ 47,023,687	\$ (3,935,099)	\$ 131,839,601

See notes to basic financial statements

CITY OF SHERWOOD

Sherwood, Oregon

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Water	Sewer	Storm	Broadband	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 7,208,467	\$ 1,076,622	\$ 2,582,035	\$ 1,003,076	\$ 11,870,200
Payments to suppliers	(2,469,882)	(756,926)	(918,529)	(936,554)	(5,081,891)
Payments to employees	(822,664)	(370,208)	(733,598)	(586,255)	(2,512,725)
NET CASH FROM OPERATING ACTIVITIES	3,915,921	(50,512)	929,908	(519,733)	4,275,584
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets, net of disposal	(3,771,658)	(112,202)	(103,309)	(2,796,729)	(6,783,898)
Sale of capital assets	772	772	1,544	-	3,088
Interfund loan payment	-	-	-	1,142,567	1,142,567
System development charges	1,279,858	262,157	156,050	-	1,698,065
Principal paid on long-term obligations	(1,533,656)	(9,931)	(13,571)	(271,716)	(1,828,874)
Interest paid on long-term obligations	(774,620)	-	-	(361,036)	(1,135,656)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(4,799,304)	140,796	40,714	(2,286,914)	(6,904,708)
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Contributions to joint ventures	(681)	-	-	-	(681)
Interest earnings (loss)	1,233,663	203,664	417,843	73,452	1,928,622
NET CASH FROM INVESTING ACTIVITIES	1,232,982	203,664	417,843	73,452	1,927,941
NET INCREASE IN CASH AND CASH EQUIVALENTS	349,600	293,948	1,388,465	(2,733,195)	(701,182)
CASH AND CASH EQUIVALENTS, beginning of year	24,689,797	3,968,765	7,933,071	2,733,195	39,324,828
CASH AND CASH EQUIVALENTS, end of year	\$ 25,039,397	\$ 4,262,713	\$ 9,321,536	\$ -	\$ 38,623,646
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 2,139,868	\$ (316,877)	\$ 538,134	\$ 505,577	\$ 2,866,702
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	808,974	201,493	344,141	304,501	1,659,109
Pension and net OPEB expense (benefit)	(75,242)	(7,033)	(13,604)	(52,090)	(147,969)
Decrease (increase) in assets					
Prepays	27,295	11,897	16,232	(77,683)	(22,259)
Receivables, net	65,479	267,565	26,181	(154,636)	204,589
Increase (decrease) in liabilities					
Accounts payable and other current liabilities	930,105	(207,606)	10,194	133,910	866,603
Payroll payable	11,103	(3,780)	3,997	21,230	32,550
Due to other funds	-	-	-	91,032	91,032
Compensated absences payable	8,339	3,829	4,633	39,071	55,872
Unearned revenue	-	-	-	(1,330,645)	(1,330,645)
NET CASH FROM OPERATING ACTIVITIES	\$ 3,915,921	\$ (50,512)	\$ 929,908	\$ (519,733)	\$ 4,275,584
Summary of non-cash transactions:					
Contributions of capital assets from developers	\$ 599,124	\$ 667,459	\$ 654,272	\$ -	\$ 1,920,855
Equity (loss) in joint venture	(27,488)	-	-	-	(27,488)

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

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 component unit. The City of Sherwood 2021 Urban Renewal Agency (URA) was formed May 18, 2021, and is a legally separate entity. The Sherwood City Council serves as the Board of Directors for the URA and is financially accountable for its operations. The URA is included as a component unit in the basic financial statements, blended with the City. Financial statements of the City of Sherwood Urban Renewal Agency 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, 2024

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.

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

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, 2024

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, 2024

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, 2024

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, 2024

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. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements using the consumption method.

4. 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, 2024

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. Capital assets (Continued)

Lease assets and Subscription-Based Information Technology Arrangements (SBITA) are assets and right-to-use intangibles which the City leases for a term of more than one year, and with a net present value of at least \$10,000 at the beginning of the agreement term. The value of these agreements is determined by the net present value at the City's incremental borrowing rate at the time of the agreement, amortized using the straight-line method over the term of the agreement.

5. 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.

6. 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, 2024

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)

7. 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.

8. 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.

9. 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.

10. 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, 2024

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)

11. 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, 2024

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 was one appropriations transfer approved by the Council during the year.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2024, with the exception of General Fund – Debt Service by \$286,313 and Sewer Fund - Operations by \$34,379.

All appropriations lapse at fiscal year-end.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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 comprised of the following at June 30, 2024:

Cash on hand	\$	2,100
Cash with fiscal agent		1,962,156
Deposits with financial institutions		1,495,680
Investments		76,948,506
Total cash and investments	\$	<u>80,408,442</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, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and investments (Continued)

6. Deposits with Financial Institutions

The City's deposits with financial institutions are insured up to levels defined by Federal laws, the Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA). Deposits with financial institutions are comprised of time deposits and bank demand deposits totaling \$1,587,955. Of these time deposits and bank demand deposits, \$250,000 was covered by FDIC. For the \$1,337,955 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.

7. 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, 2024, are summarized below:

Investment	Fair Value	Less than 3 Months	4-12 Months	Greater than 12 Months
US Treasury	\$ 29,535,224	\$ 9,932,784	\$ 19,602,440	\$ -
Federal Agencies	4,044,592	-	-	4,044,592
State of Oregon Local Government Investment Pool	43,368,690	43,368,690	-	-
Total Investments	<u>\$ 76,948,506</u>	<u>\$ 53,301,474</u>	<u>\$ 19,602,440</u>	<u>\$ 4,044,592</u>

8. 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, 2024, the Oregon Short-Term Fund (LGIP) is limited to \$59,847,000 per Oregon Revised Statute 294.810.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2024

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, 2024, 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	\$ 4,044,592	5.26%	100%
US Treasury	29,535,224	38.38%	100%
Oregon Short-Term Fund (LGIP)	43,368,690	56.36%	*
Total of Investments	<u>\$ 76,948,506</u>	<u>100.00%</u>	

* Maximum allowed per ORS 294.810

6. Fair Value Measurement

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

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

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, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2024, net of allowance for uncollectible amounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Property taxes	\$ 182,983	\$ -	\$ 182,983
Court Fines	2,111,709	-	2,111,709
State Revenue	244,479	-	244,479
4th Qtr Franchise Fees	420,034	600	420,634
Miscellaneous	555,294	374,719	930,013
Utility Bills	62,010	1,287,231	1,349,241
Utility Bills for CWS	-	313,726	313,726
Broadband Utility Bills	-	146,030	146,030
Broadband	-	130,886	130,886
Gross Receivables	<u>3,576,509</u>	<u>2,253,192</u>	<u>5,829,701</u>
Less: allowance for uncollectable			
Court	(1,717,326)	-	(1,717,326)
Broadband	-	(7,359)	(7,359)
Utility Bills	(12,105)	(120,486)	(132,591)
Other	(4,470)	-	(4,470)
Net Receivables	<u>\$ 1,842,608</u>	<u>\$ 2,125,347</u>	<u>\$ 3,967,955</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, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable (Continued)

2. Building Leases

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 06/30/2024, 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, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

C. Leases receivable (Continued)

Leases receivable activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Land				
Snyder Park - AT&T	\$ 257,011	\$ -	\$ (12,343)	\$ 244,668
Stella Olsen - Verizon	278,200	-	(9,162)	269,038
Stella Olsen - Monarch Towers	131,111	-	(13,764)	117,347
Total land lease receivable	<u>666,322</u>	<u>-</u>	<u>(35,269)</u>	<u>631,053</u>
Buildings				
20159 SW Roy Rogers Road	11,077	-	(8,836)	2,241
Art Center Rental Unit CMAW	660,832	-	(40,139)	620,693
Total buildings lease receivable	<u>671,909</u>	<u>-</u>	<u>(48,975)</u>	<u>622,934</u>
Infrastructure				
Stella Olsen - T-Mobile	89,975	-	(3,036)	86,939
Snyder Park - Vertical Bridge Holdings	200,565	-	(15,032)	185,533
Total infrastructure lease receivable	<u>290,540</u>	<u>-</u>	<u>(18,068)</u>	<u>272,472</u>
Total lease receivable	<u>\$ 1,628,771</u>	<u>\$ -</u>	<u>\$ (102,312)</u>	<u>\$ 1,526,459</u>

Future maturities are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 121,205	\$ 34,282	\$ 155,487
2026	120,744	31,553	152,297
2027	128,892	28,645	157,537
2028	137,616	25,538	163,154
2029	146,622	22,217	168,839
2030-2034	651,818	57,060	708,878
2035-2039	207,455	11,394	218,849
2040-2041	12,107	104	12,211
Total	<u>\$ 1,526,459</u>	<u>\$ 210,793</u>	<u>\$ 1,737,252</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets

1. Governmental Activities

Capital assets for governmental activities for the year ended June 30, 2024, are as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers and Adjustments	Balance June 30, 2024
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 15,840,160	\$ 54,125	-	-	\$ 15,894,285
Intangibles (easements)	10,021,592	72,923	-	-	10,094,515
Construction work in progress	10,611,599	9,436,015	-	(295,876)	19,751,738
Total capital assets not being depreciated	<u>36,473,351</u>	<u>9,563,063</u>	<u>-</u>	<u>(295,876)</u>	<u>45,740,538</u>
Capital assets being depreciated/amortization:					
Infrastructure	85,292,692	1,279,108	-	113,662	86,685,463
Buildings and improvements	49,594,707	407,157	-	-	50,001,864
Machinery and equipment	3,585,672	139,306	(58,672)	182,214	3,848,519
Licensed vehicles	3,914,642	544,916	(78,356)	-	4,381,201
Right of Use - IT Subscriptions	831,878	-	(118,179)	-	713,699
Right of Use - Equipment Leases	54,750	28,334	-	-	83,084
Total capital assets being depreciated/amortization	<u>143,274,341</u>	<u>2,398,821</u>	<u>(255,207)</u>	<u>295,876</u>	<u>145,713,830</u>
Less accumulated depreciation/amortization:					
Infrastructure	61,528,716	2,286,364	-	-	63,815,080
Buildings and improvements	28,436,740	933,038	-	-	29,369,778
Machinery and equipment	1,762,195	255,490	(58,672)	-	1,959,013
Licensed vehicles	1,977,442	327,213	(68,723)	-	2,235,932
Right of Use - IT Subscriptions	250,241	224,760	(34,523)	-	440,478
Right of Use - Equipment Leases	6,308	15,182	-	-	21,490
Total accumulated depreciation/amortization	<u>93,961,642</u>	<u>4,042,048</u>	<u>(161,918)</u>	<u>-</u>	<u>97,841,771</u>
Total capital assets being depreciated/ amortized, net	49,312,699	(1,643,227)	(93,289)	295,876	47,872,059
Governmental activities capital assets, net	<u>\$ 85,786,050</u>	<u>\$ 7,919,836</u>	<u>\$ (93,289)</u>	<u>\$ -</u>	<u>\$ 93,612,597</u>
Governmental activities:					
Administration		\$ 256,751			
Public safety		17,108			
Community services		18,016			
Community development		-			
Public works		<u>3,750,173</u>			
Total depreciation/amortization expense - governmental activities		<u>\$ 4,042,048</u>			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, are as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers and Adjustments	Balance June 30, 2024
Business-Type activities					
Capital assets not being depreciated:					
Land	\$ 224,945	\$ -	\$ -	\$ -	\$ 224,945
Intangibles (easements)	13,488,699	126,582	-	-	13,615,281
Construction work in progress	14,573,416	6,675,133	-	(1,834,144)	19,414,405
Total capital assets not being depreciated	<u>28,287,060</u>	<u>6,801,715</u>	<u>-</u>	<u>(1,834,144)</u>	<u>33,254,632</u>
Capital assets being depreciated/amortization:					
Infrastructure	118,732,248	1,794,271	-	1,834,144	122,360,663
Buildings and improvements	23,602	-	-	-	23,602
Machinery and equipment	1,479,327	108,763	-	-	1,588,090
Licensed vehicles	196,753	-	(147,145)	-	49,608
Right of Use - IT Subscriptions	498,108	-	(39,567)	-	458,541
Total capital assets being depreciated/amortization	<u>120,930,038</u>	<u>1,903,034</u>	<u>(186,712)</u>	<u>1,834,144</u>	<u>124,480,504</u>
Less accumulated depreciation/amortization:					
Infrastructure	19,756,219	1,475,588	-	-	21,231,806
Buildings and improvements	6,740	453	-	-	7,193
Machinery and equipment	1,394,997	17,181	-	-	1,412,179
Licensed vehicles	179,259	4,201	147,145	-	36,315
Right of Use - IT Subscriptions	154,532	161,686	39,567	-	276,651
Total accumulated depreciation/amortization	<u>21,491,746</u>	<u>1,659,108</u>	<u>186,712</u>	<u>-</u>	<u>22,964,144</u>
Total capital assets being depreciated/amortization, net	99,438,291	243,926	-	1,834,144	101,516,362
Business-Type activities capital assets, net	<u>\$127,725,350</u>	<u>\$ 7,045,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,770,994</u>
Business-Type activities:					
Water		\$ 808,973			
Sanitary		201,493			
Storm		344,141			
Broadband		<u>304,501</u>			
Total depreciation/amortization expense - business-type activities		<u>\$ 1,659,108</u>			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, are as follows:

	Governmental Activities	Proprietary Activities	Total
Vendor accounts payable	\$ 2,866,219	\$ 2,779,711	\$ 5,645,930
Customer deposits	547,102	32,518	579,620
Clean Water Services fees	-	313,726	313,726
Other current liabilities	200,563	47,414	247,977
Total accounts payable and other current liabilities	<u>\$ 3,613,884</u>	<u>\$ 3,173,370</u>	<u>\$ 6,787,254</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities

1. Governmental Activities

Arbitrage

Internal Revenue Service (IRS) Internal Revenue Code (IRC) Section 148 "Arbitrage," details requirements related to investment earnings on bond proceeds. Under IRC Section 148, a portion of the investment earnings on the Series B proceeds may be required to be rebated to the IRS in future periods, which would apply to the 2021 Urban Renewal Capital Fund. As of June 30, 2024, there are no filing requirements or payments due to the IRS.

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2024</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Other debt					
URA 2021 portion of 2021 Series A	\$ 3,975,300	\$ -	\$ -	\$ 3,975,300	\$ -
URA 2021, 2021 issue Series B	<u>19,640,000</u>	<u>-</u>	<u>-</u>	<u>19,640,000</u>	<u>-</u>
Total other debt	<u>23,615,300</u>	<u>-</u>	<u>-</u>	<u>23,615,300</u>	<u>-</u>
 Total governmental debt	 <u>23,615,300</u>	 <u>-</u>	 <u>-</u>	 <u>23,615,300</u>	 <u>-</u>
 Premium on bonds	 <u>3,726,695</u>	 <u>-</u>	 <u>133,096</u>	 <u>3,593,599</u>	 <u>133,096</u>
 Other long-term liabilities					
Leases	49,405	28,336	14,990	62,751	20,470
Subscriptions	559,466	-	263,420	296,046	146,408
Compensated absences	<u>936,355</u>	<u>158,269</u>	<u>60,132</u>	<u>1,034,491</u>	<u>413,796</u>
Total other long-term liabilities	<u>1,545,226</u>	<u>186,605</u>	<u>338,542</u>	<u>1,393,288</u>	<u>580,674</u>
 Governmental Activities	 <u><u>\$ 28,887,221</u></u>	 <u><u>\$ 186,605</u></u>	 <u><u>\$ 471,638</u></u>	 <u><u>\$ 28,602,187</u></u>	 <u><u>\$ 713,770</u></u>

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, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

1. Governmental Activities (continued)

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, 2024, 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
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	246,750	79,153	325,903
2030-2034	1,302,000	330,023	1,632,023
2035-2039	1,449,000	183,439	1,632,439
2040-2041	493,500	18,309	511,809
	<u>\$ 3,975,300</u>	<u>\$ 951,311</u>	<u>\$ 4,926,611</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the outstanding balance on the bonds were \$19,640,000 and the balance of the unamortized premium was \$3,593,599.

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

URA 2021, 2021 issue Series B

Year Ending June 30,	Principal	Interest	Total
2025	\$ -	\$ 785,600	\$ 785,600
2026	-	785,600	785,600
2027	-	785,600	785,600
2028	-	785,600	785,600
2029	-	785,600	785,600
2030-2034	-	3,928,000	3,928,000
2035-2039	-	3,928,000	3,928,000
2040-2044	5,605,000	3,655,400	9,260,400
2045-2049	9,625,000	2,067,400	11,692,400
2050-2051	4,410,000	266,400	4,676,400
	<u>19,640,000</u>	<u>\$ 17,773,200</u>	<u>\$ 37,413,200</u>
Premium	3,593,599		
	<u>\$ 23,233,599</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

2. Business-Type Activities

	Balance June 30, 2023	Additions	Retirements	Balances June 30, 2024	Due within one year
Business-type activities					
Direct borrowings and placements					
2021 Water Utility FFC	\$ 7,880,000	\$ -	\$ 480,000	\$ 7,400,000	\$ 495,000
2022 Water Obligation	9,245,000	-	340,000	8,905,000	355,000
2017 Water refi	5,371,000	-	666,000	4,705,000	681,000
SBB Portion of 2021 Series A	14,954,700	-	-	14,954,700	-
FY20 SBB Loan	1,520,920	-	121,772	1,399,148	124,829
Total business-type debt	38,971,620	-	1,607,772	37,363,848	1,655,829
Premium on bonds	1,906,997	-	145,575	1,761,422	145,575
Other long-term liabilities					
Leases	52,238	-	52,238	-	-
Subscriptions	364,998	-	168,864	196,134	126,579
Compensated absences	146,216	55,872	-	202,088	80,835
Total other long-term liabilities	563,452	55,872	221,102	398,222	207,414
Business-type activities	\$ 41,442,070	\$ 55,872	\$ 1,974,449	\$ 39,523,492	\$ 2,008,818

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the outstanding balance on the bonds were \$7,400,000 and the balance of the unamortized premium was \$1,349,759.

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

Year Ending			
June 30,	Principal	Interest	Total
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	575,000	213,400	788,400
2030-2034	3,260,000	701,400	3,961,400
2035-2036	1,500,000	90,600	1,590,600
	<u>7,400,000</u>	<u>\$ 2,070,200</u>	<u>\$ 9,470,200</u>
Premium	1,349,759		
	<u>\$ 8,749,759</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the balance outstanding on the bonds were \$8,905,000 and the balance of the unamortized premium was \$411,663.

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

Year Ending June 30,	Principal	Interest	Total
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	415,000	270,050	685,050
2030-2034	2,335,000	1,092,300	3,427,300
2035-2039	2,740,000	684,700	3,424,700
2040-2042	1,905,000	154,400	2,059,400
	<u>8,905,000</u>	<u>\$ 3,435,650</u>	<u>\$ 12,340,650</u>
Premium	411,663		
	<u>\$ 9,316,663</u>		

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the outstanding balance on the bonds were \$4,705,000.

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

Year Ending June 30,	Principal	Interest	Total
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	746,000	34,625	780,625
2030-2031	1,139,000	21,675	1,160,675
	<u>\$ 4,705,000</u>	<u>\$ 359,954</u>	<u>\$ 5,064,954</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, 2024, 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
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	928,250	297,764	1,226,014
2030-2034	4,898,000	1,241,513	6,139,513
2035-2039	5,451,000	690,085	6,141,085
2040-2041	1,856,500	68,875	1,925,375
	<u>\$ 14,954,700</u>	<u>\$ 3,578,746</u>	<u>\$ 18,533,446</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the outstanding balance on the bonds was \$1,399,148.

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

Year Ending June 30,	Principal	Interest	Total
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	137,842	22,106	159,948
2030-2034	742,875	56,863	799,738
	<u>\$ 1,399,148</u>	<u>\$ 200,327</u>	<u>\$ 1,599,475</u>

3. Lease Liabilities

In prior years the city entered into lease agreements as lessee for financing the acquisition of office equipment valued at \$87,338. 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, 2024, were as follows:

	Governmental Activities		
Year ending June 30	Principal	Interest	Total
2025	\$ 20,470	\$ 880	\$ 21,350
2026	21,126	904	22,030
2027	15,129	928	16,057
2028	6,026	283	6,309
Total minimum lease payments	<u>\$ 62,751</u>	<u>\$ 2,995</u>	<u>\$ 65,746</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term liabilities (Continued)

4. Subscription Liabilities

In FY2023-24 a material threshold for SBITA was set at for a term of more than one year, and with a net present value of at least \$10,000 at the beginning of the agreement term. The future minimum subscription obligations and the net present value of these minimum subscription payments for all subscription liabilities as of June 30, 2024, were as follows:

Year ending June 30	Governmental Activities			Business- Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 146,408	\$ 6,562	\$ 152,970	\$ 126,579	\$ 4,371	\$ 130,950
2026	100,181	3,402	103,583	69,555	1,551	71,106
2027	24,438	1,170	25,608	-	-	-
2028	25,019	589	25,608	-	-	-
Total	<u>\$ 296,046</u>	<u>\$ 11,723</u>	<u>\$ 307,769</u>	<u>\$ 196,134</u>	<u>\$ 5,922</u>	<u>\$ 202,056</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 06/30/2024, the value of the subscription liability is \$112,581. 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 06/30/2024 of \$329,526 with accumulated amortization of \$228,096 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 06/30/2024, the value of the subscription liability is \$96,648. 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 06/30/2024 of \$157,803 with accumulated amortization of \$49,314 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, 2024

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 37-month subscription for the use of Microsoft 365. An initial subscription liability was recorded in the amount of \$301,932. As of 06/30/2024, the value of the subscription liability is \$150,986. 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 06/30/2024 of \$301,932 with accumulated amortization of \$195,848 is reported with capital assets. The city has 1 extension option(s), each for 1 month.

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 06/30/2024, the value of the subscription liability is \$131,574. 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 06/30/2024 of \$212,348 with accumulated amortization of \$101,926 is reported with capital assets. The city has 1 extension option(s), each for 36 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 06/30/2024, the value of the subscription liability is \$6,018. 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 06/30/2024 of \$11,772 with accumulated amortization of \$5,126 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, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

G. Transfers

Transfers were used to move funds from the Street Capital Fund to Non-major Governmental Funds to finance trail and parks improvements, from the Street Operations Fund to the Street Capital Fund to finance capital street improvements, from Non-major Governmental Funds to the General Fund to compensate for services provided and support the Arts Center.

Transfers Out:		Transfers In:			Total
Fund	General Fund	Street Capital Fund	Other Nonmajor Funds		
1	Street Operations Fund	\$ -	\$ 763,138	\$ -	\$ 763,138
2	Street Capital Fund	-	-	407,856	407,856
3	Other Nonmajor Funds	486,481	-	-	486,481
4	Other Nonmajor Funds	5,050	-	-	5,050
Total		\$ 491,531	\$ 763,138	\$ 407,856	\$ 1,662,525

Purpose:

- 1 To fund capital projects
- 2 To fund Cedar Creek Trail projects
- 3 Support of Arts Center
- 4 Administrative costs for CEP Grant Administration

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, 2024

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, 2024

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, 2024

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, 2024

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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. Employer contributions for the year ended June 30, 2024 were \$2,864,916, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were 27.52% for Tier One/Tier Two General Service Member and Police and Fire, 21.96% for OPSRP Pension Program General Service Members, and 26.75% 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 \$692,574 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, 2024, the City reported a liability of \$18,198,832 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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, 2023, the City's proportion was 0.0972%, which is an increase from its proportion of 0.0935% measured as of June 30, 2022.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the City's recognized pension expense of \$3,422,598. At June 30, 2024, 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	\$ 889,978	\$ 72,160
Changes in assumptions	1,616,677	12,054
Net difference between projected and actual earnings on investments	327,108	-
Changes in proportionate share	1,772,234	172,122
Differences between employer contributions and employer's proportionate share of system contributions	214,385	1,021,483
Total (prior to post-measurement date contributions)	4,820,382	1,277,819
City contributions subsequent to the measurement date	2,864,916	-
Total	<u>\$ 7,685,298</u>	<u>\$ 1,277,819</u>

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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:		
2025	\$	665,619
2026		(103,507)
2027		2,106,529
2028		773,339
2029		100,583
	<u>\$</u>	<u>3,542,562</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2024

III. OTHER INFORMATION (Continued)

B. Pension plan (Continued)

5. Actuarial Assumptions

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
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, 2024

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 January 2023 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 ²	Asset Class/Strategy	Actual Allocation
Debt Securities	20.0 - 30.0 %	25.0 %	Debt Securities	20.0 %
Public Equity	22.5 - 32.5	27.5	Public Equity	23.3
Real Estate	9.0 - 16.5	12.5	Real Estate	13.6
Private Equity	17.5 - 27.5	20.0	Private Equity	26.5
Real Assets	2.5 - 10.0	7.5	Real Assets	9.1
Diversifying Strategies	2.5 - 10.0	7.5	Diversifying Strategies	5.0
Opportunity Portfolio ¹	0.0 - 5.0	0.0	Opportunity Portfolio	2.5
Total		100.0 %	Total	100.0 %

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

²The target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

(Source: June 30, 2023 PERS ACFR; p. 125)

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, 2024

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)	\$ 30,061,044	\$ 18,198,832	\$ 8,271,418

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, 2024

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	\$ -	\$ 279,904	\$ 279,904
Deferred Outflow of Resources:			
Contributions after the measurement date	\$ 23,550	\$ 55	\$ 23,605
Difference in experience	54,879	794	55,673
Change in assumptions	12,200	-	12,200
Total Deferred Outflow of Resources	\$ 90,629	\$ 849	\$ 91,478
Net OPEB Liability	\$ (796,427)	\$ -	\$ (796,427)
Deferred Inflow of Resources:			
Change in proportionate share	\$ -	\$ (14,785)	\$ (14,785)
Difference in experience	-	(7,027)	(7,027)
Change in assumptions	(131,596)	(3,018)	(134,614)
Net investment differences	-	-	-
Total Deferred Inflow of Resources	\$ (131,596)	\$ (24,830)	\$ (156,426)
OPEB expense (benefit)	\$ 69,839	\$ (57,802)	\$ 12,037
(included in program expenses on Statement of Activities)			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2024

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, 2023. 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, 2025. 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:	
2025	\$ (35,903)
2026	(24,655)
2027	720
2028	(2,685)
2029	(5,124)
Thereafter	(20,906)
	<u>\$ (88,553)</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, 2024

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, 2024, the City recognized OPEB expense from this plan of \$69,839. At June 30, 2024, 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	\$ 54,879	\$ -
Changes in Assumptions	12,200	(131,596)
	67,079	(131,596)
Contributions after measurement date	23,550	-
	<u>\$ 90,629</u>	<u>\$ (131,596)</u>

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, 2025. 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:	
2025	\$ (11,234)
2026	\$ (11,234)
2027	(9,624)
2028	(6,395)
2029	(5,124)
Thereafter	(20,906)
	<u>\$ (64,517)</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2024

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. 3.65% for results as of the June 30, 2023 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> <table><tr><td>Year Pre-65 Trend</td></tr><tr><td>2022 4.25%</td></tr><tr><td>2023 6.75</td></tr><tr><td>2024 6.50</td></tr><tr><td>2025 6.00</td></tr><tr><td>2026 5.25</td></tr><tr><td>2027 5.00</td></tr><tr><td>2028 – 2029 4.75</td></tr><tr><td>2030 4.50</td></tr><tr><td>2031 – 2065 4.25</td></tr><tr><td>2066 - 2071 4.00</td></tr><tr><td>2072+ 3.75</td></tr></table> <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>	Year Pre-65 Trend	2022 4.25%	2023 6.75	2024 6.50	2025 6.00	2026 5.25	2027 5.00	2028 – 2029 4.75	2030 4.50	2031 – 2065 4.25	2066 - 2071 4.00	2072+ 3.75
Year Pre-65 Trend													
2022 4.25%													
2023 6.75													
2024 6.50													
2025 6.00													
2026 5.25													
2027 5.00													
2028 – 2029 4.75													
2030 4.50													
2031 – 2065 4.25													
2066 - 2071 4.00													
2072+ 3.75													
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, 2024

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, 2023 to June 30, 2024	\$ 740,469
Balance as of June 30, 2023	
Changes for the year:	
Service cost	53,297
Interest on total OPEB liability	27,776
Effect of assumption changes or inputs	(6,708)
Benefit payments	<u>(18,407)</u>
Balance as of June 30, 2024	\$ 796,427

The actuarial report does not provide classification of the above liability between current and long-term.

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate.

	1% Decrease	Current	1% Increase
Discount Rate	2.65%	Discount Rate 3.65%	4.65%
Total OPEB Liability	\$ 861,091	\$ 796,427	\$ 735,949

A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 710,012	\$ 796,427	\$ 897,270

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2024

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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The City's contribution rates for the period were 0.00% for Tier One/Tier Two members, and 0.00% for OPSRP members. The City's total for the year ended June 30, 2024 contributions was \$55.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, the City reported an asset of \$279,904 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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, 2024, the City's proportionate share was 0.0764%, which is an increase from its proportion of 0.0693% as of June 30, 2023.

For the year ended June 30, 2024, the City recognized OPEB benefit from this plan of \$57,802. At June 30, 2024, 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	\$ -	\$ (7,027)
Changes in Assumptions	-	(3,018)
Net differences between projected and actual earnings on investments	794	-
Changes in proportionate share	-	(14,785)
	794	(24,830)
Contributions after measurement date	55	-
	<u>\$ 849</u>	<u>\$ (24,830)</u>

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2025. 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:	
2025	\$ (24,669)
2026	(13,421)
2027	10,344
2028	3,710
	<u>\$ (24,036)</u>

5. Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2021 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, 2024

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	1% Increase
Discount Rate	5.90%	Discount	7.90%
Total OPEB Asset	\$ (254,433)	\$ (279,904)	\$ (301,757)

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, 2024

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, 2024

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, 2024:

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, 2024:

City of Tigard	23.21%
City of Sherwood	15.75
City of Tualatin	16.24
Tualatin Valley Water District	44.80

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2024

III. OTHER INFORMATION (Continued)

D. Investment in Joint Ventures (Continued)

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

	Willamette Intake Facility Commission	Willamette River Water Coalition	Total
Investment in joint ventures at June 30, 2023	\$ 1,259,056	\$ 1,397	\$ 1,260,453
Contributions	681	-	681
Income (loss) for the year	(24,503)	(241)	(24,744)
Investment in joint ventures at June 30, 2023	<u>\$ 1,235,234</u>	<u>\$ 1,156</u>	<u>\$ 1,236,390</u>

IV. JOINTLY GOVERNED ORGANIZATIONS

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

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

Payments for goods and services during the year ended June 30, 2024 was \$261,126.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024 financial statements.

The City has no significant outstanding commitments at June 30, 2024 related to construction contracts.

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, 2024

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Property taxes	\$7,880,818	\$ 7,880,818	\$ 8,009,568	\$ 128,750
Franchises and fees	2,508,500	2,508,500	2,572,879	64,379
Intergovernmental	2,406,483	2,406,483	2,569,408	162,925
Charges for services	2,093,934	2,093,934	2,328,967	235,033
Fines and forfeitures	1,903,100	1,903,100	1,786,811	(116,289)
Interest	140,000	140,000	256,491	116,491
Miscellaneous	114,750	114,750	152,585	37,835
TOTAL REVENUES	17,047,585	17,047,585	17,676,709	629,124
EXPENDITURES:				
Administration	2,551,656	2,551,656	2,119,624	432,032
Community development	2,049,236	2,049,236	1,985,709	63,527
Public safety	6,539,287	6,539,287	6,516,096	23,191
Community services	3,191,697	3,191,697	3,125,791	65,906
Public works	4,114,154	4,114,154	3,655,218	458,936
Debt Service	-	-	286,313	(286,313)
Contingency	852,379	802,379	-	802,379
TOTAL EXPENDITURES	19,298,409	19,248,409	17,688,751	1,559,658
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,250,824)	(2,200,824)	(12,042)	2,188,782
OTHER FINANCING SOURCES:				
Transfers in	532,562	532,562	491,531	(41,031)
Transfers out	(4,458,388)	(4,508,388)	(4,429,667)	78,721
Issuance of lease financing	-	-	28,335	28,335
Sale of capital assets	8,000	8,000	-	(8,000)
TOTAL OTHER FINANCING SOURCES	(3,917,826)	(3,967,826)	(3,909,801)	58,025
NET CHANGE IN FUND BALANCE	(6,168,650)	(6,168,650)	(3,921,843)	2,246,807
FUND BALANCE - beginning of year	10,242,478	10,242,478	10,599,152	356,674
FUND BALANCE - end of year	\$4,073,828	\$ 4,073,828	6,677,309	\$ 2,603,481
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Certain governmental funds report a substantial portion of unrestricted inflows and are reported in the General Fund in a GAAP basis:				
Public Art Fund			118,968	
Economic Development and Promotion Fund			229,791	
Community Investment Fund			4,271,346	
FUND BALANCE - GAAP BASIS			\$ 11,297,414	

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, 2024

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,040,529	\$ 2,040,529	\$ 2,036,688	\$ (3,841)
Charges for services	723,000	723,000	741,862	18,862
Fines, interest and other	75,000	75,000	213,625	138,625
Miscellaneous	-	-	12,588	12,588
TOTAL REVENUES	<u>2,838,529</u>	<u>2,838,529</u>	<u>3,004,763</u>	<u>166,234</u>
EXPENDITURES:				
Street Operations	2,257,488	2,257,488	2,005,157	252,331
Contingency	141,926	141,926	-	141,926
TOTAL EXPENDITURES	<u>2,399,414</u>	<u>2,399,414</u>	<u>2,005,157</u>	<u>394,257</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>439,115</u>	<u>439,115</u>	<u>999,606</u>	<u>560,491</u>
OTHER FINANCING (USES):				
Transfers out	(763,138)	(763,138)	(763,138)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(763,138)</u>	<u>(763,138)</u>	<u>(763,138)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(324,023)</u>	<u>(324,023)</u>	<u>236,468</u>	<u>560,491</u>
FUND BALANCE - beginning of year	<u>3,547,879</u>	<u>3,547,879</u>	<u>4,536,936</u>	<u>(989,057)</u>
FUND BALANCE - end of year	<u>\$ 3,223,856</u>	<u>\$ 3,223,856</u>	<u>\$ 4,773,404</u>	<u>\$ (428,566)</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, 2024**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 814,400	\$ 814,400	\$ 1,099,950	\$ 285,550
Intergovernmental	-	-	9,375	(9,375)
Fines, interest and other	10,000	10,000	49,896	39,896
TOTAL REVENUES	<u>824,400</u>	<u>824,400</u>	<u>1,159,221</u>	<u>316,071</u>
EXPENDITURES:				
Operations Dept	381,939	381,939	341,503	40,436
Debt Service	871,489	871,489	871,488	1
Contingency	41,220	41,220	-	41,220
TOTAL EXPENDITURES	<u>1,294,648</u>	<u>1,294,648</u>	<u>1,212,991</u>	<u>81,657</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(470,248)</u>	<u>(470,248)</u>	<u>(53,770)</u>	<u>416,478</u>
NET CHANGE IN FUND BALANCE	<u>(470,248)</u>	<u>(470,248)</u>	<u>(53,770)</u>	<u>416,478</u>
FUND BALANCE - beginning of year	<u>487,788</u>	<u>487,788</u>	<u>520,011</u>	<u>32,223</u>
FUND BALANCE, end of year	<u>\$ 17,540</u>	<u>\$ 17,540</u>	<u>\$ 466,241</u>	<u>\$ 448,701</u>

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
2024	0.9716%	\$ 18,198,832	\$11,454,611	158.87%	81.68%
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

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
2024	\$ 2,864,916	\$ 2,864,916	-	\$ 12,432,905	23.04%
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

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 seven fiscal years ¹

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 53,297	\$ 60,156	\$ 58,406	\$ 41,241	\$ 36,691	\$ 40,813	\$ 43,525
Interest	27,776	17,401	16,156	22,153	21,549	19,173	14,878
Actual experience	-	-	-	-	-	37,097	-
Changes of assumptions or other inputs	(6,708)	(79,455)	3,145	21,398	20,779	(63,606)	(38,570)
Benefit payments	(18,407)	(6,141)	(3,668)	(4,023)	(10,784)	(5,489)	(1,697)
Net change in OPEB Liability	55,958	(8,039)	74,039	80,769	68,235	27,988	18,136
Total OPEB Liability-beginning	740,469	748,508	674,469	593,700	525,465	497,476	479,340
Total OPEB Liability-ending	\$ 796,427	\$ 740,469	\$ 748,508	\$ 674,469	\$ 593,700	\$ 525,465	\$ 497,476
Covered-employee Payroll	\$11,454,611	\$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	7.0%	7.4%	7.8%	7.8%	7.4%	7.0%	6.9%

¹ 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 eight 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
2024	0.0764%	\$ (279,904)	11,454,611	-2.44%	201.60%
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 2024 is July 1, 2022 - June 30, 2023

CITY OF SHERWOOD

Sherwood, Oregon

SCHEDULE OF THE CITY'S CONTRIBUTIONS**Oregon Public Employees Retirement System, Retirement Health Insurance Account****For the last ten fiscal years**

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
2024	\$ 55	55	-	\$ 12,432,905	0.00%
2023	1,506	1,506	-	11,454,611	0.00
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

CITY OF SHERWOOD

Sherwood, Oregon

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2024

I. BUDGET

Required Supplementary Information includes the budgetary comparison for the General Fund, Street 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 Street 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 Debt Service.

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

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

Actuarial Assumptions and Methods Used to Actuarially Determine Contributions:

Actuarial Valuation	December 31, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Effective	July 2023 - June 2024	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	Entry Age Normal
Actuarial valuation method:	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial assumption:					
Inflation rate	2.40 percent	2.40 percent	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	3.40 percent	3.40 percent	3.50 percent	3.50 percent	3.75 percent
Investment rate of return	6.90 percent	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 3.54% to 3.65%.

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, 2024**

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 64,000	\$ 64,000	\$ 65,078	\$ 1,078
Infrastructure development fees	2,287,565	2,287,565	1,695,835	(591,730)
Fines, interest and other	145,000	145,000	432,608	287,608
TOTAL REVENUES	<u>2,496,565</u>	<u>2,496,565</u>	<u>2,193,521</u>	<u>(303,044)</u>
EXPENDITURES:				
Street Capital Operations	<u>1,797,334</u>	<u>1,797,334</u>	<u>222,733</u>	<u>1,574,601</u>
TOTAL EXPENDITURES	<u>1,797,334</u>	<u>1,797,334</u>	<u>222,733</u>	<u>1,574,601</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>699,231</u>	<u>699,231</u>	<u>1,970,788</u>	<u>1,271,557</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	763,138	763,138	763,138	-
Transfers out	<u>(650,000)</u>	<u>(650,000)</u>	<u>(407,856)</u>	<u>242,144</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>113,138</u>	<u>113,138</u>	<u>355,282</u>	<u>242,144</u>
NET CHANGE IN FUND BALANCE	<u>812,369</u>	<u>812,369</u>	<u>2,326,070</u>	<u>1,513,701</u>
FUND BALANCE - beginning of year	<u>7,360,995</u>	<u>7,360,995</u>	<u>8,862,889</u>	<u>1,501,894</u>
FUND BALANCE - end of year	<u><u>\$ 8,173,364</u></u>	<u><u>\$ 8,173,364</u></u>	<u><u>\$ 11,188,959</u></u>	<u><u>\$ 3,015,595</u></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, 2024**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 7,000,000	\$ 7,000,000	\$ -	\$ (7,000,000)
Fines, interest and other	133,000	133,000	584,861	451,861
TOTAL REVENUES	<u>7,133,000</u>	<u>7,133,000</u>	<u>584,861</u>	<u>(6,548,139)</u>
EXPENDITURES:				
Capital Dept	<u>13,703,914</u>	<u>13,703,914</u>	<u>9,337,329</u>	<u>4,366,585</u>
TOTAL EXPENDITURES	<u>13,703,914</u>	<u>13,703,914</u>	<u>9,337,329</u>	<u>4,366,584</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,570,914)</u>	<u>(6,570,914)</u>	<u>(8,752,468)</u>	<u>(2,181,554)</u>
NET CHANGE IN FUND BALANCE	<u>(6,570,914)</u>	<u>(6,570,914)</u>	<u>(8,752,468)</u>	<u>(2,181,554)</u>
FUND BALANCE - beginning of year	<u>13,446,717</u>	<u>13,446,717</u>	<u>17,226,290</u>	<u>3,779,573</u>
FUND BALANCE, end of year	<u>\$ 6,875,803</u>	<u>\$ 6,875,803</u>	<u>\$ 8,473,822</u>	<u>\$ 1,598,019</u>

CITY OF SHERWOOD
Sherwood, Oregon

**GENERAL FUND COMBINING STATEMENT
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2024**

	General Fund	Special Revenue Funds			Totals
		Public Art	Economic Development and Promotion	Community Investment	
ASSETS:					
Cash and investments	\$ 7,480,805	\$ 118,968	\$ 229,791	\$ 4,271,346	\$ 12,100,910
Due from other funds	91,032	-	-	-	91,032
Receivables	1,448,691	-	-	-	1,448,691
Lease receivable	1,526,459	-	-	-	1,526,459
Prepays	134,109	-	-	-	134,109
TOTAL ASSETS	\$ 10,681,096	\$ 118,968	\$ 229,791	\$ 4,271,346	\$ 15,301,201
LIABILITIES:					
Accounts payable	\$ 1,285,156	\$ -	\$ -	\$ -	\$ 1,285,156
Payroll payable	784,934	-	-	-	784,934
Other current liabilities	298,668	-	-	-	298,668
TOTAL LIABILITIES	2,368,758	-	-	-	2,368,758
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue, leases	1,526,459	-	-	-	1,526,459
Unavailable revenue, misc	9,790	-	-	-	9,790
Unavailable revenue, property taxes	98,780	-	-	-	98,780
TOTAL DEFERRED INFLOWS OF RESOURCES	1,635,029	-	-	-	1,635,029
FUND BALANCES:					
Nonspendable in form	134,109	-	-	-	134,109
Committed to:					
Public Art	-	118,968	-	-	118,968
Economic Development and Promotion	-	-	229,791	-	229,791
Community Investment	-	-	-	4,271,346	4,271,346
School District	31,275	-	-	-	31,275
Assigned to:					
Risk Management	32,353	-	-	-	32,353
Fleet Replacement	84,870	-	-	-	84,870
Subsequent Years Appropriation of Fund Balance	2,051,820	-	-	-	2,051,820
Unassigned	4,342,882	-	-	-	4,342,882
TOTAL FUND BALANCES	6,677,309	118,968	229,791	4,271,346	11,297,414
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 10,681,096	\$ 118,968	\$ 229,791	\$ 4,271,346	\$ 15,301,201

CITY OF SHERWOOD
Sherwood, Oregon

GENERAL FUND COMBINING STATEMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Public Art	Economic Development and Promotion	Community Investment	Totals
REVENUES:					
Property Taxes	\$ 8,009,568	\$ -	\$ -	\$ -	\$ 8,009,568
Franchises and fees	2,572,879	-	-	-	2,572,879
Intergovernmental	2,569,408	-	-	-	2,569,408
Charges for services	2,328,967	-	-	-	2,328,967
Fines and forfeitures	1,786,811	-	-	-	1,786,811
Interest and Other	304,475	5,467	10,755	182,216	502,913
Miscellaneous	152,585	-	-	-	152,585
TOTAL REVENUES	17,724,693	5,467	10,755	182,216	17,923,131
EXPENDITURES:					
Current:					
Administration	2,076,289	-	-	-	2,076,289
Community Development	1,985,709	-	8,000	-	1,993,709
Public Safety	6,516,096	-	-	-	6,516,096
Community Services	3,125,791	-	-	-	3,125,791
Public Works	2,651,771	-	-	-	2,651,771
Noncurrent					
Capital Outlay	1,046,782	-	-	-	1,046,782
Debt Service - Principal	278,410	-	-	-	278,410
Debt Service - Interest	7,903	-	-	-	7,903
TOTAL EXPENDITURES	17,688,751	-	8,000	-	17,696,751
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	35,942	5,467	2,755	182,216	226,380
OTHER FINANCING SOURCES (USES):					
Issuance of lease financing	28,335	-	-	-	28,335
Transfers in	491,531	113,501	227,036	4,089,130	4,921,198
Transfers out	(4,429,667)	-	-	-	(4,429,667)
TOTAL OTHER FINANCING SOURCES (USES)	(3,909,801)	113,501	227,036	4,089,130	519,866
NET CHANGE IN FUND BALANCE	(3,873,859)	118,968	229,791	4,271,346	746,246
FUND BALANCE - beginning of year	10,551,168	-	-	-	10,551,168
FUND BALANCE - end of year	\$ 6,677,309	\$ 118,968	\$ 229,791	\$ 4,271,346	\$ 11,297,414

CITY OF SHERWOOD
Sherwood, Oregon

**PUBLIC ART FUND
SCHEDULE OF REVENUES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and other	2,310	2,310	5,467	3,157
TOTAL REVENUES	2,310	2,310	5,467	3,157
EXPENDITURES:				
Capital outlay	110,777	110,777	-	110,777
Contingency	12,309	62,309	-	62,309
TOTAL EXPENDITURES	123,086	173,086	-	173,086
EXCESS OF REVENUES OVER EXPENDITURES	(120,776)	(170,776)	5,467	176,243
OTHER FINANCING SOURCES (USES):				
Transfers in	123,086	173,086	113,501	(59,585)
TOTAL OTHER FINANCING SOURCES (USES)	123,086	173,086	113,501	(59,585)
NET CHANGE IN FUND BALANCE	2,310	2,310	118,968	116,658
FUND BALANCE - beginning of year	-	-	-	-
FUND BALANCE - end of year	\$ 2,310	\$ 2,310	\$ 118,968	\$ 116,658

CITY OF SHERWOOD

Sherwood, Oregon

ECONOMIC DEVELOPMENT AND PROMOTION SCHEDULE OF REVENUES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and other	4,430	4,430	10,755	6,325
TOTAL REVENUES	<u>4,430</u>	<u>4,430</u>	<u>10,755</u>	<u>6,325</u>
EXPENDITURES:				
Materials and services	10,000	10,000	8,000	2,000
Contingency	123,086	123,086	-	123,086
TOTAL EXPENDITURES	<u>133,086</u>	<u>133,086</u>	<u>8,000</u>	<u>125,086</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(128,656)</u>	<u>(128,656)</u>	<u>2,755</u>	<u>131,411</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	246,172	246,172	227,036	(19,136)
TOTAL OTHER FINANCING SOURCES (USES)	<u>246,172</u>	<u>246,172</u>	<u>227,036</u>	<u>(19,136)</u>
NET CHANGE IN FUND BALANCE	<u>117,516</u>	<u>117,516</u>	<u>229,791</u>	<u>112,275</u>
FUND BALANCE - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 117,516</u>	<u>\$ 117,516</u>	<u>\$ 229,791</u>	<u>\$ 112,275</u>

CITY OF SHERWOOD
Sherwood, Oregon

**COMMUNITY INVESTMENT FUND
SCHEDULE OF REVENUES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and other	39,200	39,200	182,216	143,016
TOTAL REVENUES	39,200	39,200	182,216	143,016
EXPENDITURES:				
Contingency	4,089,130	4,089,130	-	4,089,130
TOTAL EXPENDITURES	4,089,130	4,089,130	-	4,089,130
EXCESS OF REVENUES OVER EXPENDITURES	(4,049,930)	(4,049,930)	182,216	4,232,146
OTHER FINANCING SOURCES (USES):				
Transfers in	4,089,130	4,089,130	4,089,130	-
TOTAL OTHER FINANCING SOURCES (USES)	4,089,130	4,089,130	4,089,130	-
NET CHANGE IN FUND BALANCE	39,200	39,200	4,271,346	4,232,146
FUND BALANCE - beginning of year	-	-	-	-
FUND BALANCE - end of year	\$ 39,200	\$ 39,200	\$4,271,346	\$ 4,232,146

CITY OF SHERWOOD

Sherwood, Oregon

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2024

	Special Revenue Funds		Capital Project Fund	
	Transient		General	
	Lodging Tax	Grant	Construction	Totals
ASSETS:				
Cash and investments	\$ -	\$ 132,739	\$ 4,303,456	\$ 4,436,195
Receivables	43,160	30,576	12,083	85,819
Prepaid expenses	-	-	-	-
TOTAL ASSETS	\$ 43,160	\$ 163,315	\$ 4,315,539	\$ 4,522,014
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 139,386	\$ 139,386
Payroll payable	-	-	2,201	2,201
Other current liabilities	-	-	6,967	6,967
TOTAL LIABILITIES	-	-	148,554	148,554
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	43,160	163,315	1,718,024	1,924,499
Committed	-	-	410,850	410,850
Assigned	-	-	2,038,111	2,038,111
TOTAL FUND BALANCES	43,160	163,315	4,166,985	4,373,460
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 43,160	\$ 163,315	\$ 4,315,539	\$ 4,522,014

CITY OF SHERWOOD
Sherwood, Oregon

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds			Capital Project Fund	
	Transient Lodging Tax	Formerly Non-Major Street Operations	Grant	General Construction	Totals
REVENUES:					
Franchises and fees	\$ -	\$ -	\$ -	\$ 21,683	\$ 21,683
Intergovernmental	142,448	-	106,837	-	249,285
Charges for services	-	-	-	87,909	87,909
Infrastructure development fees	-	-	-	1,677,155	1,677,155
Interest and Other	18,577	-	5,844	178,513	202,934
TOTAL REVENUES	<u>161,025</u>	<u>-</u>	<u>112,681</u>	<u>1,965,260</u>	<u>2,238,966</u>
EXPENDITURES:					
Current					
Public works	-	-	78,415	258,560	336,975
Noncurrent					
Capital outlay	-	-	-	296,347	296,347
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>78,415</u>	<u>554,907</u>	<u>633,322</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>161,025</u>	<u>-</u>	<u>34,266</u>	<u>1,410,353</u>	<u>1,605,644</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	407,856	407,856
Transfers out	(486,481)	-	(5,050)	-	(491,531)
Proceeds from sale of capital assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(486,481)</u>	<u>-</u>	<u>(5,050)</u>	<u>407,856</u>	<u>(83,675)</u>
NET CHANGE IN FUND BALANCE	<u>(325,456)</u>	<u>-</u>	<u>29,216</u>	<u>1,818,209</u>	<u>1,521,969</u>
FUND BALANCE - beginning as previously reported	<u>368,616</u>	<u>4,518,809</u>	<u>134,099</u>	<u>2,348,776</u>	<u>7,370,300</u>
Adjustment - changes from nonmajor fund to major	-	(4,518,809)	-	-	(4,518,809)
FUND BALANCE - beginning of year	<u>368,616</u>	<u>-</u>	<u>134,099</u>	<u>2,348,776</u>	<u>2,851,491</u>
FUND BALANCE - end of year	<u>\$ 43,160</u>	<u>\$ -</u>	<u>\$ 163,315</u>	<u>\$ 4,166,985</u>	<u>\$ 4,373,460</u>

CITY OF SHERWOOD
Sherwood, Oregon

NON-MAJOR GOVERNMENTAL FUNDS

Transient Lodging Tax Fund:

The Transient Lodging Tax Fund is a special revenue fund used to account for the tax charged to anyone occupying a hotel, motel, dwelling unit used for temporary overnight occupancy or recreational vehicle spaces for 30 consecutive calendar days or less.

Grant Fund:

The Grants Fund is a special revenue fund used to account for Federal, State, and Local grants. Funds received must be used only in accordance with the grant agreement(s). For the current fiscal year, the grant-funded program was the Metro Community Enhancement Program (CEP).

General Construction Fund:

The General Construction Fund is a capital project fund used to account for various capital projects the city acquires or undertakes. Most revenues recorded in this fund are Park SDC's.

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, 2024**

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 142,448	\$ (7,552)
Interest and other	1,000	1,000	17,146	16,146
TOTAL REVENUES	<u>151,000</u>	<u>151,000</u>	<u>159,594</u>	<u>8,594</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(527,512)</u>	<u>(527,512)</u>	<u>(486,481)</u>	<u>41,031</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(527,512)</u>	<u>(527,512)</u>	<u>(486,481)</u>	<u>41,031</u>
NET CHANGE IN FUND BALANCE	(376,512)	(376,512)	(326,887)	49,625
FUND BALANCE - beginning of year	<u>376,512</u>	<u>376,512</u>	<u>370,047</u>	<u>(6,465)</u>
FUND BALANCE - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,160</u>	<u>\$ 43,160</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, 2024

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 101,000	\$ 101,000	\$ 106,837	\$ 5,837
Interest and other	-	-	5,458	5,458
TOTAL REVENUES	<u>101,000</u>	<u>101,000</u>	<u>112,295</u>	<u>11,295</u>
EXPENDITURES:				
Operations	84,320	84,320	78,415	5,905
Contingency	6,989	6,989	-	6,989
TOTAL EXPENDITURES	<u>91,309</u>	<u>91,309</u>	<u>78,415</u>	<u>12,895</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,691</u>	<u>9,691</u>	<u>33,880</u>	<u>24,189</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(5,050)	(5,050)	(5,050)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,050)</u>	<u>(5,050)</u>	<u>(5,050)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>4,641</u>	<u>4,641</u>	<u>28,830</u>	<u>24,189</u>
FUND BALANCE - beginning of year	<u>38,780</u>	<u>38,780</u>	<u>134,485</u>	<u>95,705</u>
FUND BALANCE - end of year	<u>\$ 43,421</u>	<u>\$ 43,421</u>	<u>\$ 163,315</u>	<u>\$ 119,894</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, 2024

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Franchises and fees	\$ 30,000	\$ 30,000	\$ 21,683	\$ (8,317)
Charges for services	86,000	86,000	87,909	1,909
Infrastructure development fees	1,355,013	1,355,013	1,677,155	322,142
Interest and other	65,000	65,000	168,713	103,713
TOTAL REVENUES	<u>1,536,013</u>	<u>1,536,013</u>	<u>1,955,460</u>	<u>419,447</u>
EXPENDITURES:				
Capital	<u>1,281,852</u>	<u>1,281,852</u>	<u>554,907</u>	<u>726,945</u>
TOTAL EXPENDITURES	<u>1,281,852</u>	<u>1,281,852</u>	<u>554,907</u>	<u>726,945</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>254,161</u>	<u>254,161</u>	<u>1,400,553</u>	<u>1,146,393</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>650,000</u>	<u>650,000</u>	<u>407,856</u>	<u>(242,144)</u>
NET CHANGE IN FUND BALANCE	<u>904,161</u>	<u>904,161</u>	<u>1,808,409</u>	<u>904,248</u>
FUND BALANCE - beginning of year	<u>2,030,102</u>	<u>2,030,102</u>	<u>2,358,576</u>	<u>328,474</u>
FUND BALANCE - end of year	<u>\$ 2,934,263</u>	<u>\$ 2,934,263</u>	<u>\$ 4,166,985</u>	<u>\$ 1,232,722</u>

CITY OF SHERWOOD
Sherwood, Oregon

WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 6,563,055	\$ 6,563,055	\$ 7,141,803	\$ 578,748
Infrastructure development fees	719,532	719,532	1,279,858	560,326
Interest and other	481,000	481,000	1,131,509	650,509
TOTAL REVENUES	<u>7,763,587</u>	<u>7,763,587</u>	<u>9,553,170</u>	<u>1,789,583</u>
EXPENDITURES:				
Operations	4,286,092	4,286,092	4,268,834	17,258
Capital	8,080,423	8,080,423	3,812,209	4,268,214
Debt Service	2,261,620	2,261,620	2,260,620	1,000
Contingency	306,203	306,203	-	306,203
TOTAL EXPENDITURES	<u>14,934,338</u>	<u>14,934,338</u>	<u>10,341,663</u>	<u>4,592,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,170,751)</u>	<u>(7,170,751)</u>	<u>(788,493)</u>	<u>6,382,258</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	772	772
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>772</u>	<u>772</u>
NET CHANGE IN FUND BALANCE	<u>(7,170,751)</u>	<u>(7,170,751)</u>	<u>(787,721)</u>	<u>6,383,030</u>
FUND BALANCE - beginning of year	<u>24,180,611</u>	<u>24,180,611</u>	<u>24,859,313</u>	<u>678,702</u>
FUND BALANCE - end of year	<u>\$ 17,009,860</u>	<u>\$17,009,860</u>	<u>24,071,592</u>	<u>\$ 7,061,732</u>
RECONCILIATION TO NET POSITION				
Net pension liability			(712,800)	
OPEB asset			13,369	
OPEB liability			(38,041)	
Deferred outflows-Pension			301,014	
Deferred outflows-OPEB			4,369	
Deferred inflows-Pension			(50,050)	
Deferred inflows-OPEB			(7,472)	
Investment in joint ventures			1,233,646	
Capital assets			62,719,275	
Subscription assets			34,458	
Long-term obligations and related premium			(22,771,422)	
Subscription liability			(35,290)	
Compensated absences			(43,471)	
Accrued interest on long term obligations			(58,174)	
Net position - GAAP basis			<u>\$ 64,661,003</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, 2024

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 832,000	\$ 832,000	\$ 776,807	\$ (55,193)
Intergovernmental	2,978,276	2,978,276	32,250	(2,946,026)
Infrastructure development fees	158,515	158,515	262,157	103,642
Interest and other	67,000	67,000	187,053	120,053
TOTAL REVENUES	<u>4,035,791</u>	<u>4,035,791</u>	<u>1,258,267</u>	<u>(2,777,524)</u>
EXPENDITURES:				
Operations	895,809	895,809	930,188	(34,379)
Capital	3,614,478	3,614,478	119,590	3,494,888
Contingency	43,045	43,045	-	43,045
TOTAL EXPENDITURES	<u>4,553,332</u>	<u>4,553,332</u>	<u>1,049,778</u>	<u>3,503,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(517,541)</u>	<u>(517,541)</u>	<u>208,489</u>	<u>726,030</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	772	772
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>772</u>	<u>772</u>
NET CHANGE IN FUND BALANCE	<u>(517,541)</u>	<u>(517,541)</u>	<u>209,261</u>	<u>726,802</u>
FUND BALANCE - beginning of year	<u>2,760,710</u>	<u>2,760,710</u>	<u>3,771,585</u>	<u>1,010,875</u>
FUND BALANCE - end of year	<u><u>\$2,243,169</u></u>	<u><u>\$2,243,169</u></u>	<u>3,980,846</u>	<u><u>\$ 1,737,677</u></u>
RECONCILIATION TO NET POSITION				
Net pension liability			(317,013)	
OPEB asset			6,639	
OPEB liability			(18,890)	
Deferred outflows-Pension			133,873	
Deferred outflows-OPEB			2,170	
Deferred inflows-Pension			(22,259)	
Deferred inflows-OPEB			(3,711)	
Capital assets			20,351,086	
Subscription assets			9,145	
Subscription liability			(10,132)	
Compensated absences			(21,744)	
Net position - GAAP basis			<u>\$ 24,090,010</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, 2024

	Budget		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services	\$ 2,760,000	\$ 2,760,000	\$ 2,520,854	\$ (239,146)
Intergovernmental	-	-	35,000	35,000
Infrastructure development fees	69,956	69,956	156,050	86,094
Interest and other	100,000	100,000	384,639	284,639
TOTAL REVENUES	<u>2,929,956</u>	<u>2,929,956</u>	<u>3,096,543</u>	<u>166,587</u>
EXPENDITURES:				
Operations	1,737,082	1,737,082	1,623,245	113,837
Capital	1,145,267	1,145,267	176,185	969,082
Contingency	122,000	122,000	-	122,000
TOTAL EXPENDITURES	<u>3,004,349</u>	<u>3,004,349</u>	<u>1,799,430</u>	<u>1,204,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(74,393)</u>	<u>(74,393)</u>	<u>1,297,113</u>	<u>1,371,506</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	1,544	1,544
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,544</u>	<u>1,544</u>
NET CHANGE IN FUND BALANCE	<u>(74,393)</u>	<u>(74,393)</u>	<u>1,298,657</u>	<u>1,373,050</u>
FUND BALANCE - beginning of year	<u>7,502,644</u>	<u>7,502,644</u>	<u>8,106,977</u>	<u>604,333</u>
FUND BALANCE - end of year	<u><u>\$ 7,428,251</u></u>	<u><u>\$ 7,428,251</u></u>	<u>9,405,634</u>	<u><u>\$ 1,977,383</u></u>
RECONCILIATION TO NET POSITION				
Net pension liability			(604,810)	
OPEB asset			12,246	
OPEB liability			(34,844)	
Deferred outflows-Pension			255,409	
Deferred outflows-OPEB			4,002	
Deferred inflows-Pension			(42,466)	
Deferred inflows-OPEB			(6,843)	
Capital assets			38,071,919	
Subscription assets			12,193	
Subscription liability			(13,509)	
Compensated absences			(35,245)	
Net position - GAAP basis			<u><u>\$ 47,023,687</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, 2024

	Budget			
	Original	Final	Actual	Variance
REVENUES:				
Charges for services	\$ 1,348,060	\$ 1,348,060	\$ 1,157,532	\$ (190,528)
Intergovernmental	1,516,000	1,516,000	1,330,825	(185,175)
Interest and other	50,000	50,000	62,254	12,254
TOTAL REVENUES	<u>2,914,060</u>	<u>2,914,060</u>	<u>2,550,611</u>	<u>(363,449)</u>
EXPENDITURES:				
Operations	6,031,474	6,031,474	4,637,971	1,393,503
Debt service	483,051	483,051	483,050	1
Contingency	291,406	291,406	-	291,406
TOTAL EXPENDITURES	<u>6,805,931</u>	<u>6,805,931</u>	<u>5,121,021</u>	<u>1,684,910</u>
NET CHANGE IN FUND BALANCE	<u>(3,891,871)</u>	<u>(3,891,871)</u>	<u>(2,570,410)</u>	<u>1,321,461</u>
FUND BALANCE - beginning of year	<u>4,975,225</u>	<u>4,975,225</u>	<u>2,484,273</u>	<u>(2,490,952)</u>
FUND BALANCE - end of year	<u>\$ 1,083,354</u>	<u>\$ 1,083,354</u>	<u>(86,137)</u>	<u>\$ (1,169,491)</u>
RECONCILIATION TO NET POSITION				
Net pension liability			(1,151,129)	
OPEB asset			26,467	
OPEB liability			(75,307)	
Deferred outflows-Pension			486,117	
Deferred outflows-OPEB			8,650	
Deferred inflows-Pension			(80,825)	
Deferred inflows-OPEB			(14,790)	
Capital assets, net			13,446,823	
Subscription assets, net			126,095	
Long-term debt obligations			(16,353,848)	
Accrued interest on long term obligations			(28,384)	
Subscriptions Payable			(137,203)	
Compensated absences			(101,628)	
Net position - GAAP basis			<u>\$ (3,935,099)</u>	

CITY OF SHERWOOD

Sherwood, Oregon

**SCHEDULE OF CITY PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2024**

<u>Tax Year</u>	<u>Uncollected Balances June 30, 2023</u>	<u>2023-24 Levy</u>	<u>Interest, Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balances June 30, 2024</u>
2023-24	\$ -	\$ 8,257,469	\$ (249,646)	\$ (7,913,544)	\$ 94,279
2022-23	83,314	-	(9,494)	(50,529)	23,291
2021-22	20,806	-	(1,255)	(8,338)	11,213
2020-21	11,704	-	(686)	(4,363)	6,655
2019-20	6,154	-	(354)	(3,746)	2,054
2018-19	1,765	-	(128)	(511)	1,126
2016-17 & Prior Years	3,337	-	272	(505)	3,104
Total	<u>\$ 127,080</u>	<u>\$ 8,257,469</u>	<u>\$ (261,291)</u>	<u>\$ (7,981,536)</u>	<u>\$ 141,722</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 7,981,536
Other Collections/Credits	<u>28,032</u>
Total per budgetary statement	<u>\$ 8,009,568</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.	104-107
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	108-111
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.	112-115
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.	116
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.	117

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**

	2024	2023	2022	2021	2020	2019 as restated	2018	2017 as restated	2016 as restated	2015 as restated
Governmental activities										
Net investment in capital assets	73,237,367	\$ 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
Restricted	15,945,999	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
Unrestricted	6,035,670	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
Total governmental activities net position	<u>\$ 95,219,036</u>	<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>
Business-Type activities										
Net investment in capital assets	103,986,321	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
Restricted	7,041,247	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
Unrestricted	20,812,033	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
Total business-type activities net position	<u>\$ 131,839,601</u>	<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>
Government-wide activities										
Net investment in capital assets	177,223,688	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
Restricted	22,987,246	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
Unrestricted	26,847,703	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
Total Government-wide activities net position	<u>\$ 227,058,637</u>	<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>

CITY OF SHERWOOD
Sherwood, Oregon

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities:										
Administration	\$ 5,661,035	\$ 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
Community Development	1,908,926	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
Public Safety	6,700,617	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
Community Services	3,202,343	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
Public Works	6,770,326	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
Interest on long-term obligations	746,295	905,940	867,469	214,914	369,991	489,255	563,404	655,929	743,533	817,135
Total governmental activities	<u>24,989,542</u>	<u>21,791,176</u>	<u>21,922,725</u>	<u>23,983,108</u>	<u>23,242,493</u>	<u>21,031,793</u>	<u>21,058,966</u>	<u>21,340,617</u>	<u>23,321,007</u>	<u>16,436,484</u>
Business-Type activities:										
Water	5,655,846	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
Sewer	1,125,934	999,543	861,068	908,360	765,629	855,669	674,672	734,672	918,172	628,522
Storm	2,017,720	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
Broadband	2,343,816	2,703,586	3,832,738	1,517,041	1,602,189	571,743	465,760	351,311	236,319	257,755
Total business-type activities	<u>11,143,316</u>	<u>10,457,297</u>	<u>10,291,461</u>	<u>8,168,368</u>	<u>8,315,381</u>	<u>6,962,914</u>	<u>7,036,426</u>	<u>6,637,937</u>	<u>7,380,429</u>	<u>6,652,570</u>
Total Expenses	<u>\$ 36,132,858</u>	<u>\$ 32,248,473</u>	<u>\$ 32,214,186</u>	<u>\$ 32,151,476</u>	<u>\$ 31,557,874</u>	<u>\$ 27,994,707</u>	<u>\$ 28,095,392</u>	<u>\$ 27,978,554</u>	<u>\$ 30,701,436</u>	<u>\$ 23,089,054</u>
Revenues										
Governmental activities:										
Charges for services										
Administration	\$ 92,500	\$ 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
Community Development	1,465,768	2,716,865	2,597,387	1,810,672	1,129,256	1,667,307	1,687,818	694,518	580,776	446,008
Public Safety	1,802,694	1,164,136	53,789	7,754	70,944	82,041	69,977	10,519	10,062	17,037
Community Services	613,778	457,963	532,774	267,460	490,469	608,822	521,993	442,121	355,560	313,096
Public Works	1,035,887	965,707	2,823,926	827,520	748,036	740,061	702,265	747,527	687,514	616,609
Operating grants and contributions	4,364,434	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
Capital grants and contributions	5,235,133	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
General revenues and transfers	13,758,707	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
Total governmental activities	<u>28,368,901</u>	<u>34,849,515</u>	<u>28,947,399</u>	<u>25,239,667</u>	<u>23,383,194</u>	<u>23,835,283</u>	<u>22,175,344</u>	<u>19,629,034</u>	<u>18,352,059</u>	<u>19,399,357</u>
Business-Type activities:										
Charges for services										
Water	7,141,803	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
Sewer	776,807	860,879	814,211	785,373	727,464	724,723	680,741	677,284	618,813	599,113
Storm	2,520,854	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
Broadband	1,157,532	970,005	932,436	769,744	912,052	473,660	447,672	445,468	523,819	487,387
Operating grants and contributions	1,398,075	1,157,723	980,739	484,901	453,910	17,014	2,678	1,129	-	-
Capital grants and contributions	3,618,920	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
General revenues, special items, transfers	1,933,136	520,983	(192,135)	224,488	563,131	590,061	352,696	(313,665)	182,774	78,211
Total business-type activities	<u>18,547,127</u>	<u>25,016,995</u>	<u>20,275,897</u>	<u>12,261,763</u>	<u>12,447,817</u>	<u>12,154,610</u>	<u>11,178,290</u>	<u>9,134,160</u>	<u>9,739,836</u>	<u>11,898,588</u>
Total Revenues	<u>\$ 46,916,028</u>	<u>\$ 59,866,510</u>	<u>\$ 49,223,296</u>	<u>\$ 37,501,430</u>	<u>\$ 35,831,011</u>	<u>\$ 35,989,893</u>	<u>\$ 33,353,634</u>	<u>\$ 28,763,194</u>	<u>\$ 28,091,895</u>	<u>\$ 31,297,945</u>
Change in Net Position										
Governmental Activities	\$ 3,379,359	\$ 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
Business-Type Activities	7,403,811	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
Total Net (Expense)/Revenue	<u>\$ 10,783,170</u>	<u>\$ 27,618,037</u>	<u>\$ 17,009,109</u>	<u>\$ 5,349,953</u>	<u>\$ 4,273,136</u>	<u>\$ 7,995,185</u>	<u>\$ 5,258,242</u>	<u>\$ 784,640</u>	<u>\$ (2,609,541)</u>	<u>\$ 8,208,891</u>

CITY OF SHERWOOD
Sherwood, Oregon

**GOVERNMENTAL FUND BALANCE
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund:										
Nonspendable	\$ 134,109	\$ 106,164	\$ 87,108	\$ 109,604	\$ 64,756	\$ 281,498	\$ 83,732	\$ 6,201	\$ -	\$ 179,874
Restricted	-	-	-	-	-	-	-	4,274	-	138,653
Committed	4,651,380	49,216	50,095	44,170	44,170	26,306	17,579	12,685	5,107	-
Assigned	2,169,043	6,434,502	2,615,867	107,409	103,924	115,185	99,505	84,870	84,870	343
Unassigned	4,342,882	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
Total General Fund	\$ 11,297,414	\$ 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
Street Capital*:										
Restricted	\$ 7,269,488	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
Committed	1,395,338	712,384	256,325	215,309	18,646	61,365	103,844	-	-	-
Assigned	2,524,133	2,088,208	1,158,422	1,039,512	177,442	45,014	22,191	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Street Capital	\$ 11,188,959	\$ 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
Street Operations**:										
Nonspendable	\$ 2,000	\$ -	\$ 5,330	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,771,404	4,518,809	3,754,690	2,586,771	2,805,882	2,518,669	2,083,695	2,294,362	2,166,298	1,744,507
Total Street Operations	\$ 4,773,404	\$ 4,518,809	\$ 3,760,020	\$ 2,586,771	\$ 2,805,943	\$ 2,518,669	\$ 2,083,695	\$ 2,294,362	\$ 2,166,298	\$ 1,744,507
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
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
2021 Urban Renewal Operations:										
Nonspendable	\$ -	\$ 502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	466,241	522,037	860,017	-	-	-	-	-	-	-
Total Urban Renewal Ops	\$ 466,241	\$ 522,539	\$ 860,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021 Urban Renewal Capital:										
Nonspendable	\$ 1,317,742	\$ 2,060,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,156,080	15,245,942	24,962,807	-	-	-	-	-	-	-
Total Urban Renewal	\$ 8,473,822	\$ 17,306,672	\$ 24,962,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 5,330	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,924,499	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
Committed	410,850	410,850	10,304,457	257,156	165,516	212,906	125,439	98,470	118,983	319,008
Assigned	2,038,111	219,902	9,402,360	377,326	191,888	-	10,606	-	-	-
Unassigned	-	-	-	-	-	(48,450)	-	-	(39,503)	(10,615)
Total Other Governmental Funds	\$ 4,373,460	\$ 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

*From Non-Major to Major Fund in 2023

**From Non-Major to Major Fund in 2024

CITY OF SHERWOOD
Sherwood, Oregon

CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Property Taxes	\$ 9,109,518	\$ 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
Franchises and fees	2,594,562	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
Intergovernmental	4,864,756	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
Charges for services	3,223,816	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
Infrastructure development fees	3,372,990	2,898,028	3,155,778	948,583	2,093,142	861,646	1,022,081	765,993	1,426,131	544,726
Fines and forfeitures	1,786,811	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
Interest on investments	1,960,742	1,215,216	(25,310)	154,065	402,630	425,220	219,655	129,535	75,823	68,893
Miscellaneous	165,173	104,777	71,373	46,850	70,259	101,679	86,601	45,384	269,342	230,507
Total Revenues	27,078,368	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
Expenditures:										
Current:										
Administration	5,206,167	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
Community Development	1,993,709	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
Public Safety	6,516,096	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
Community Services	3,125,791	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
Public Works	5,216,086	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
Capital outlay	7,892,633	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
Debt service - principal	278,410	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
Debt service - interest	879,391	1,116,740	964,256	272,739	507,244	553,584	626,384	724,168	812,523	754,369
Total Expenditures	31,108,283	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
Excess (Deficiency) of Revenues Over Expenditures	(4,029,915)	(5,056,057)	3,439,755	1,576,437	(991,204)	2,951,957	1,702,461	47,870	944,515	(4,082,840)
Other Financing Sources (Uses)										
Issuance of long-term debt	-	-	23,615,300	-	-	-	-	-	-	-
Debt premium	-	-	3,992,887	-	-	-	-	-	-	-
Issuance of subscription financing	-	195,601	-	-	-	-	-	-	-	-
Issuance of lease financing	28,335	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	1,662,525	1,548,111	830,439	2,332,686	856,827	103,916	1,087,535	102,757	315,074	4,151,500
Transfers out	(1,662,525)	(1,548,111)	(830,439)	(2,332,686)	(856,827)	(103,916)	(1,084,535)	(102,757)	(249,064)	(4,151,500)
Total Other Financing Sources (Uses)	28,335	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	\$ (4,001,580)	\$ (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)
Ratio of debt service to non-capital expenditures	5%	25%	9%	13%	26%	18%	19%	23%	18%	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					
2024	\$2,420,261,270	\$ 173,561,517	\$2,593,822,787	\$5,293,084,694	\$ 3.182	49.0 %	\$253,646	\$ 90,742,907
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

(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.

(d) The City of Sherwood 2021 Urban Renewal Agency began operations on July 1, 2021. 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.

(e) The City of Sherwood Urban Renewal Agency (URA) ceased operations in FY2022-23. The remaining claim to property taxes within the boundaries returned to the original taxing districts.

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	
2024	\$ 3.1822	\$ -	\$3.1822	\$ 5.5483	\$ 0.5820	\$ 6.1303	\$ 6.5657	\$ 3.8597	\$ 10.4254	\$19.7379
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

(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	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Portland General Electric	\$45,804,920	1	1.8%	\$23,280,000	1	1.4%
Wilshire Sherwood Owner LLC	\$30,161,810	2	1.2%	N/A	-	
Rhino Holdings Sherwood, LLC	25,432,420	3	1.0%	N/A	-	
WalMart Stores, Inc	22,927,100	4	0.9%	N/A	-	
Mountain High Apartments, LLC	22,121,750	5	0.9%	N/A	-	
Big Sunfield Lakes OR, LLE	21,154,860	6	0.8%	16,213,470	4	1.0%
Target Corporation	20,690,207	7	0.8%	16,242,715	3	1.0%
Northwest Natural Gas Co	17,762,000	8	0.7%	N/A	-	
Creekview Crossing SPE, LLC	17,716,770	9	0.7%	13,578,460	5	0.8%
Sherwood Senior Living, LLC	16,981,660	10	0.7%	N/A	-	
MGP X Properties LLC	N/A	-	-	19,256,520	2	1.2%
Allied Systems Company	N/A	-	-	11,319,760	6	0.7%
Juniper Ridge Investments	N/A	-	-	10,904,570	7	0.7%
Home Depot	N/A	-	-	10,055,308	8	0.6%
FPWL Sherwood LLC	N/A	-	-	9,633,730	9	0.6%
Comcast Corp.	N/A	-	-	9,546,700	10	0.6%
	<u>\$240,753,497</u>		<u>9.23%</u>	<u>\$140,031,233</u>		<u>8.30%</u>

Source: Washington County Assessor's records

CITY OF SHERWOOD
Sherwood, Oregon

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
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:							
2024	\$ 8,257,469	\$ 7,927,280	96.0%	\$ 249,646	\$ 7,983,435	\$ 122,612	98.5%
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%
Sherwood Urban Renewal Agency:							
2024	\$ -	\$ -		\$ -	\$ -	\$ -	
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%
Sherwood 2021 Urban Renewal Agency:							
2024	\$ 1,138,323	\$ 1,090,312	95.8%	\$ 34,415	\$ 1,097,384	\$ 41,251	96.4%
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 General Governmental Expenditures	Ratio of Debt Service General Governmental Expenditures	
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service			Bonded Debt	Total Debt
2024	\$ -	\$ 871,488	\$ 871,488	\$ -	\$ -	\$ -	\$ 871,488	\$ 31,108,283	2.8%	2.8%
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%

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

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

CITY OF SHERWOOD
Sherwood, Oregon

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

Fiscal Year Ended June 30	Bonded Debt (1)	Less Debt Service Fund	Net Bonded Debt	Governmental Activities Non-bonded Debt (2)	Business-Type Activities Non-bonded Debt (2)	Total Obligation	Ratio of Debt Percentage of Personal Income (3)		Debt Per Capita	
							Net Bonded Debt	Total Obligation	Net Bonded Debt	Total Obligation
2024	\$ 27,208,901	\$ -	\$ 27,208,901	\$ -	\$ 39,125,270	\$66,334,171	0.27%	0.11%	\$ 1,304	\$ 3,179
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

(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, 2024

Jurisdiction	Net Direct Debt Outstanding	Percentage Applicable To City of Sherwood*	Amount Applicable to City of Sherwood
Overlapping debt			
Metro	\$ 765,485,443	1.13 %	\$ 8,651,516
Northwest Regional ESD	13,060,000	2.56	333,735
Port of Portland	-	1.03	-
Portland Community College	617,155,000	1.42	8,778,413
Tualatin Valley Fire and Rescue District	48,930,000	3.49	1,706,434
Washington County	134,636,465	3.24	4,366,530
School District 88J	280,395,027	57.31	160,693,549
Subtotal, overlapping debt			184,530,177
City of Sherwood direct debt			27,208,901
Total direct and overlapping debt			<u>\$ 211,739,078</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, 2024

Fiscal Year	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated RMV
2023	\$ 2,593,822,787	49%	\$ 5,293,084,694
Debt limitations (3% of total real market value)			\$ 158,792,541
Outstanding Governmental Activities-General Obligation Debt			27,208,901
Net debt margin			\$ 131,583,640
Percentage of net debt margin available			82.87%
Percentage of net debt power exhausted			17.13%

Last Ten Fiscal Years

Year	Debt Limit	Outstanding debt applicable to limitation June 30	Net Debt Margin	Percentage of Net Debt Margin Available
2024	\$ 158,792,541	\$ 27,208,901	\$ 131,583,640	82.87%
2023	151,398,021	27,341,995	124,056,026	81.94
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

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)
2024	20,868	2024	3.8%	36.4	3.0	\$49,139	\$52,136
2023	20,222	2023	3.0	36.4	3.0	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

(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	2024			2015		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
AKS Engineering & Forestry	337	1	5%			
WalMart Stores Inc.	261	2	4%	234	2	4%
Allied Systems Company	260	3	4%	300	1	5%
Lam Research Corporation	215	4	3%			0%
Pense/Kelly Construction	195	5	3%			0%
PNW Flatwork, Inc. dba Fettig	190	6	3%	90	7	1%
NW Natural Gas	177	7	3%			0%
Target Store T1868	175	8	3%	140	3	2%
City of Sherwood	161	9	2%			0%
Treske Precision Machining	150	10	2%	110	6	2%
Home Depot #4015				122	4	2%
Kohl's #1501				112	5	2%
Hardwood Industries, Inc				77	8	1%
Showplace Landscape Services				75	9	1%
Albertonson's LLC				72	10	1%

Sources:

2024 and 2015 Business License Database

FY2015 Annual Comprehensive Financial Report

CITY OF SHERWOOD
Sherwood, Oregon

MISCELLANEOUS STATISTICS
2015 through 2024

Date of incorporation	1893									
Form of government	Council/Manager									
	<u>2024</u>	<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>
Number of employees	161	150	142	141	140	130	114	114	112	106
Area in square miles	4.9	4.9	4.9	4.9	4.8	4.6	4.6	4.5	4.5	4.5
Miles of street	64	63	62	60	58	58	58	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	3
Acres of sports fields	55	55	55	55	55	55	55	55	55	55
Acres of maintained passive parks	67	64	64	64	64	57	57	57	57	57
Fire protection by Tualatin Valley Fire and Rescue:										
Number of stations in the City of Sherwood	1	1	1	1	1	1	1	1	1	1
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Services provided by School District 88J:										
Number of elementary schools in the City	4	4	4	4	4	4	4	4	4	4
Number of middle and high schools in the City	3	3	3	3	3	3	3	3	3	3

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS



Your peace of mind is our passion.

**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, 2024, 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 23, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except for:

- The following expenditures in excess of appropriations:
 - \$286,313 for debt service in the General Fund; and
 - \$34,379 for operations in the Sewer 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)**

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as communicated in a separate letter to management dated April 23, 2025, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies as communicated in a separate letter to management dated April 23, 2025 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency as communicated in a separate letter to management dated April 23, 2025 to be a significant deficiency.

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, Kotwala & Warwick, LLP
Portland, Oregon
April 23, 2025