



## **AGENDA**

### **SHERWOOD BUDGET COMMITTEE March 5, 2026 6:00 pm**

**Sherwood City Hall  
22560 SW Pine Street  
Sherwood, OR 97140**

This meeting will be live streamed at  
<https://www.youtube.com/user/CityofSherwood>

### **BUDGET COMMITTEE MEETING**

- 1. CALL TO ORDER – Kady Strode, Chair**
- 2. ROLL CALL – David Bodway, Finance Director**
- 3. APPROVE DECEMBER 4, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES**
- 4. NEW BUSINESS**
  - A. Welcome – Kristen Switzer, Assistant City Manager**
  - B. Audit Presentation – Dan Miley, Talbot, Korvola & Warwick, LLP**
  - C. Review/Update Financial Policies – David Bodway**
  - D. Financial Update – David Bodway**
- 5. ADJOURN**

**How to Find out What's on the Committee Schedule:** Budget Committee meeting materials and agenda are posted to the City web page at [www.sherwoodoregon.gov](http://www.sherwoodoregon.gov), generally by the Thursday prior to a Committee meeting. When possible, Budget Committee agendas are also posted at the Sherwood Library/City Hall and the Sherwood Post Office.

**ADA Accommodations:** If you require an ADA accommodation for this public meeting, please contact the Finance Director's Office at (503) 625-4248 or [bodwayd@Sherwoodoregon.gov](mailto:bodwayd@Sherwoodoregon.gov) at least 48 hours in advance of the scheduled meeting time. Assisted Listening Devices available on site.



**SHERWOOD BUDGET COMMITTEE MEETING  
22560 SW Pine Street, Sherwood, Oregon 97140  
December 4, 2025, Minutes**

1. **CALL TO ORDER** – Chair Kady Strode called the meeting to order at 6:00 pm.

2. **Roll Call** – David Bodway, Finance Director

**COMMITTEE MEMBERS AND COUNCIL ATTENDING:** Chair Kady Strode, Vice Chair Matt Kaufman, Lana Painter, Nancy Taylor, Thomas Sherwood, Aaron Wiebe, Council President Kim Young, Councilor Renee Brouse, Taylor Giles, and Dan Standke. Brian Fairbanks, Mayor Tim Rosener, Councilors Keith Mays and Doug Scott were absent.

**CITY STAFF ATTENDING:** Finance Director David Bodway, City Manager Craig Sheldon, and Assistant City Manager Kristen Switzer.

Chair Strode addressed approval of meeting minutes and asked for a motion to approve.

3. **APPROVAL OF MAY 22, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES  
APPROVAL OF MAY 29, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES  
APPROVAL OF JUNE 5, 2025 CITY OF SHERWOOD BUDGET COMMITTEE MINUTES**

Motion from Aaron Wiebe to approve the meeting minutes, seconded by Nancy Taylor. Motion passed with all present members voting in favor.

Chair Strode addressed the next item on the agenda and said this meeting is a working session only and there will be no public comments.

4. **NEW BUSINESS**

A. **WELCOME**

City Manager Craig Sheldon welcomed the committee and provided a financial update. He stated the first few months of this budget cycle look good and said he is concerned about the slowdown in private development and fees. He commented on the revenue from photo enforcement and said the revenue is where Finance Director David Bodway had planned during the budget process. He stated the five year forecast is just a little below 20% and said the City just finished negotiations with one of the unions and has started more negotiations.

Chair Strode addressed the next item on the agenda.

## B. FINANCIAL UPDATE

Finance Director David Bodway provided a presentation (see record, Exhibit A). He commented on challenges ahead and their efforts to seek out additional funding sources to meet the City's budget goals. He added that the approved budget did not include any figures regarding union negotiations and stated there will be two more union negotiations in this biennium budget cycle. He discussed the General Fund on page 4 and commented on the private development concerns and stated that last year at this time the operating revenue was 14.59% of the adopted budget and this year operating revenue is 11.50% of the adopted budget. He referred to Charges For Service and said last year at this time the revenue was 32.40% of the adopted budget and currently the revenue is 18.18% of the adopted budget. He noted staff will continue monitoring the General Fund revenue and adjust as needed. He mentioned that property taxes and fines are coming in close to the projections. He addressed the Public Art Fund and said the funds are in contingency until a new project is identified. He discussed the Economic Development and Promotion Fund and commented on Material and Services and explained that some of the Old Town Strategic Plan costs carried over to this fiscal year. He commented on the Transient Lodging Tax Fund and explained that the City has only received payments for July and August at this time. He discussed the Grants Fund, which is basically the Community Enhancement Program (CEP), and said the City has not received the first quarter payment yet. He noted that last year the City awarded over \$90,000 in CEP grants. He discussed the Community Investment Fund and said they did not budget any dollars to be used but there is a little over \$1,000,000 if a project arises. He discussed the Street Operations Fund and stated the fund is in line compared to prior years and noted expenditures are up but there are more projects going on. Mr. Sheldon commented on the Transfers Out and explained that \$650,000 was transferred out for street maintenance projects and \$100,000 for traffic calming projects. Mr. Bodway discussed the Street Capital Fund and stated total revenue is up due to the \$750,000 transfer in and noted that operating revenues are almost 40% of the adopted budget due to the Infrastructure and Development line item. He addressed the General Construction Fund and explained that Charges for Services includes rental income for Snyder Park facilities and that will pay for the future turf replacement project. He discussed the Water Operations Fund and reminded the Committee that the funds collected are split 50/50 with the Water Capital Fund and said both have collected \$1.5 million. He commented on the Sanitary Operations Fund and said the revenue is down slightly and noted that in the prior year there was \$144,925 in Infrastructure Development due to a fee paid in lieu for the Rock Creek Industrial project. He stated the Salaries and Wages are up due to current projects that are occurring. Mr. Sheldon said last year the City was awarded \$3.2 million for the Brookman sanitary line and discussion followed. He discussed Stormwater Operations and said it is comparative to the previous fiscal year. He referred to the Stormwater Capital Fund and said revenues are lower and may need adjusted with the charges for services, which should be split 50/50. He explained that Fees, Interest and Other line item is down due to lower interest rates and said the City is earning about 5.25%. He referred to the Broadband Fund and said Charges for Services are falling in line and the fund just received a \$15.5 million loan to complete the project. He noted we did receive a federal grant of \$5.8 million listed under Loan Proceeds and Capital Outlay line and discussion followed.

Mr. Bodway addressed the Updated 5-Year Forecast and stated contingency funds are slightly below 20% due to the recently agreed upon SPOA contract that Council approved on Tuesday. He stated that contract added, at a minimum, \$307,000 to the 5-Year Forecast. He noted that in year 4 of the forecast the budget is at 20% and year 5 is at 19.17%. He stated that staff are trying to identify ways to rectify the situation and keep the forecast at 20% contingency funds. He noted this is just one of the

three labor negotiations that need to be bargained this biennial budget cycle. Chair Strode stated there probably will still be more of an impact as negotiations continue. Mr. Bodway reminded the Committee that one of the largest sources of revenue for the General Fund is property taxes and the City does not receive them until the middle of November. He said from July 1 to November of each fiscal year the City deficit spends until the property tax revenue arrives, which the 20% allows us to do. Councilor Giles stated that the term “contingency fund” is misleading and said it is more of a committed fund. Mr. Sheldon reminded the Committee that forecasting out to FY 29-30 there are some large maintenance projects being funded through the General Fund. Mr. Bodway said the large projects include some roof replacements and park structure replacements, which are identified and committed to approximately \$1.6 to \$1.7 million. He referred to the 20% contingency plan and reminded the Committee that anything can change, and it is based on assumptions. Discussion followed about the importance of maintaining the 20% contingency. Mr. Bodway stated that expenditures are going to keep outpacing revenue and said the City is working internally on how to find more buckets of revenue for the General Fund. He said now the City Council allows us carryover fund balances for one-time expenses and noted that balance is slowly dwindling down.

Mr. Bodway addressed the 5-Year Forecast Projected Versus Actual which shows the history and said his goal is to keep the projected versus the actual to 5%. He reminded the Committee of the influx of federal money the City received during covid which skewed these figures slightly and helped with the General Fund. He said FY 24-25 is not included in the presentation slide because they are waiting on the audit.

Mr. Bodway provided a property tax update and said the City received the assessed value figures for FY 2025-26 which have a growth of 1.56% and the budget planned for 1.3%. He stated with property taxes you need to factor in the uncollectible rate, and this may only amount to about \$10,000 more than budgeted. He provided a project update and said he looked at the projects that have started. He noted the larger ongoing projects are in the Urban Renewal Agency and will be addressed at next meeting.

With no further questions, Chair Strode addressed the next item on the agenda.

## **5. ADJOURN**

Chair Kady Strode adjourned the meeting at 7:00 pm.

Submitted by:

Minutes approved on:



*Home of the Tualatin River National Wildlife Refuge*

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025



**CITY OF SHERWOOD**  
Sherwood, Oregon

Annual Comprehensive Financial Report

Year Ended June 30, 2025

Prepared by

City of Sherwood

Finance Department

# CITY OF SHERWOOD

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**INTRODUCTORY SECTION**



Home of the Tualatin River National Wildlife Refuge

City of Sherwood  
22560 SW Pine St.  
Sherwood, OR 97140  
Tel 503-625-5522  
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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

January 12, 2026

Citizens of Sherwood  
Honorable Mayor  
Members of the City Council

It is our pleasure to present you with the Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR). This report documents the financial position of the City as of June 30, 2025 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, 2025. 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 fifteenth 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, 2025. 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 20,781 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 2025.

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, will 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 37.5% higher than the state MHI at \$80,426 and 5.9% higher than Washington County at \$104,434. 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 57.1% of the households.

Top 10 Property Tax Owners Based on FY24-25 Assessed Value (in Thousands of Dollars)		
Taxpayer	Taxable Assessed Value	Percentage of Total Assessed Value
Wilshire Sherwood Owner LLC	\$47,422	1.7%
Portland General Electric	\$46,783	1.7%
Rhino Holdings Sherwood, LLC	26,161	1.0%
WalMart Stores, Inc	26,724	1.0%
Mountain High Apartment LLC & TSL Sherwood, LLC	22,785	0.8%
Big Sunfield Lakes OR, LLE	21,790	0.8%
Target Corporation	21,001	0.8%
Lipt SW Cedar Brook Way LLC	18,248	0.7%
Northwest Natural Gas Co	19,339	0.7%
Sherwood Commerce Center LLC	12,227	0.4%
	<b>\$262,480</b>	<b>9.6%</b>

Source: Washington County Assessor's records

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 25/26**. 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: (as of October 16, 2025)**

- 11 Occupancy permits issued on Sherwood Commerce Center Phase 1
- Land use and building permits issued for Sherwood Commerce Center Phases 2 and 3 Both in the construction phase. Notice of Decisions (NOD) for Sherwood Commerce Center Phase II (October 4, 2024) & Sherwood Commerce Center Phase III (November 1, 2024) have been issued.
- Construction Complete for Rock Creek Corporate Park – Panettoni Site, 407,000 sq ft. Final Certification on Satisfactory Completion coming soon pending retaining wall item. Broker / Developer have 1 strong client candidate for occupancy waiting to close deal. Could bring 50-100 additional jobs to Sherwood.
- New TEA tenants within the City's target industries include Olympus Controls and Studson, United Rentals, Blowsion, Iron Man, Gaylord Marine, FleetPride, Stratus Surfaces, Wineshipping Warehouse, Cascadia Insulation Supply, Maxco Chain. NSI Exentec is located in far corner TEA on T/S road. Total employment approaching 800 full-time employees in TEA
- City annexation of approximately 39-acres of land for infrastructure and employment land uses +/- 38.63 acres of Employment Industrial – EI land was added to City of Sherwood. Approved under LU 2024-019 AN "TEA" on December 3, 2024
- City began construction on Ice Age Drive Spring 2025 and is on target for Q3 26' Completion as of now.

**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, Chick-Fil-A and BearKat Brewing have enriched the community. Notable projects include the new 600-unit Sentinel Storage facility, opened in January 2025. Additionally, there are about 10 new retail businesses who have located in new tenant spaces on Parkway Village South. These include Goldfish Swim, IQ Credit Union, Hot Spot, Prime Tap House and KinderCare and a Dog Day Care facility coming shortly. In Old Town Sherwood, notable businesses recently expanding or opening shop include E-bike Central (4,000 Sq foot Space in Vine Sparrow Event Center), Ascend Beauty Lounge, Jimmy's Chair and many new Salons and a couple retail businesses such as a new flooring company. 503 Uncorked owners retired and sold her business to another Sherwood family to own and operate, so they have been retained in Old Town. Economic Development gives tours weekly to interested developers and restaurants looking for space in Old Town.

**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 held its first meeting in March. In addition to the two committees, city staff and the consultants held a visioning session with Old Town property owners, businesses owners and residents on February 13<sup>th</sup>. The purpose of the visioning session was 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 final draft plan will be sent to the City Council in November 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 2025 (FY25) is \$109.2 million. Only \$18.8 million (17.2%) 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, 2025, the city had outstanding notes payable of \$64.4 million, and outstanding leases and subscriptions of \$0.4 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.

**Interfund Loans:** On February 6, 2024 the City Council approved a resolution that took effect immediately to loan \$600,000 from the Community Investment Fund to the Sanitary Fund to finance capital improvements. Drawdown occurred during Fiscal Year 2024-25.

December 3, 2024 the City Council approved a resolution that took effect immediately to loan \$2,400,000 from the Community Investment Fund to the Broadband Fund to finance the continued buildout of the City's fiber infrastructure. Drawdown occurred during Fiscal Year 2024-25.

On May 20, 2025 the City Council approved a resolution that took effect immediately to loan \$12,000,000 from the Water Fund to the 2021 URA Capital Fund to assist in the funding for the construction of the Highway 99W Pedestrian Bridge. Drawdown occurred during Fiscal Year 2024-25.

**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, 2025. 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) is expected to award 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, 2024. This will be the thirteenth 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 2024-25. This was the 23rd consecutive year that the city has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Craig Sheldon".

Craig Sheldon  
City Manager

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

David Bodway III, Executive MPA  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Sherwood  
Oregon**

For its Annual Comprehensive  
Financial Report  
for the Fiscal Year Ended

**June 30, 2024**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF SHERWOOD  
Sherwood, Oregon**

**CITY OFFICIALS  
JUNE 30, 2025**

**ELECTED OFFICIALS**

<b>Name</b>	<b>Term Expires</b>
Mayor Tim Rosener	January 2027
Councilor Renee Brouse	January 2029
Councilor Taylor Giles	January 2027
Councilor Keith Mays	January 2027
Councilor Doug Scott	January 2027
Councilor Dan Standke	January 2029
Councilor Kim Young	January 2029

**PRINCIPAL ADMINISTRATIVE OFFICIALS**

<b>Name</b>	<b>Title</b>
Craig Sheldon	City Manager
David Bodway III, Executive MPA	Finance Director
Sebastian Tapia	Interim City Attorney

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

# 2025 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, 2025, 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, 2025, 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 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 January 12, 2026 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  
January 12, 2026

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CITY OF SHERWOOD, OREGON

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

This section of the City of Sherwood's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025 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, 2025 (FY25). 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 FY25 by \$245.7 million (net position). Of this amount, \$9.6 million may be used to meet the City's ongoing obligations to its citizens and creditors (unrestricted net position).
- Current assets were \$88.2 million at the end of FY25. Of that amount, \$68.4 million (77.6%) of current assets were in cash and investments. Sherwood's current assets increased by \$2.1 million (2.4%) during FY25. This is due to an increase in infrastructure work in progress and capital assets put into service in the current year.
- Sherwood had capital and long-term assets (net of depreciation) of \$258.6 million at the end of FY25. Sherwood's capital and long-term assets increased by \$30.2 million during FY25. 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 \$24.8 million, a decrease of approximately \$15.8 million (38.8%) for the fiscal year.
- In the aggregate, the proprietary funds' ending fund balance equivalent, *Net Position*, was \$142.1 million, an increase of \$10.4 million (7.9%), for the fiscal year.
- Total property tax revenue was \$10.0 million, an increase of \$0.9 million (10.0%), for the fiscal year.

### 2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

## CITY OF SHERWOOD, OREGON

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

#### 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, 2025.

Both of these statements are divided into two categories: *Governmental Activities* and *Business-Type 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.

Business-Type 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, 2025**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Statement of Net Position**

Table 1 shows that the City's total net position increased from \$227.0 million to \$245.7 million during FY25. This was an increase of \$18.7 million or 8.2%, after the restatement for change in accounting principle of \$0.9 million.

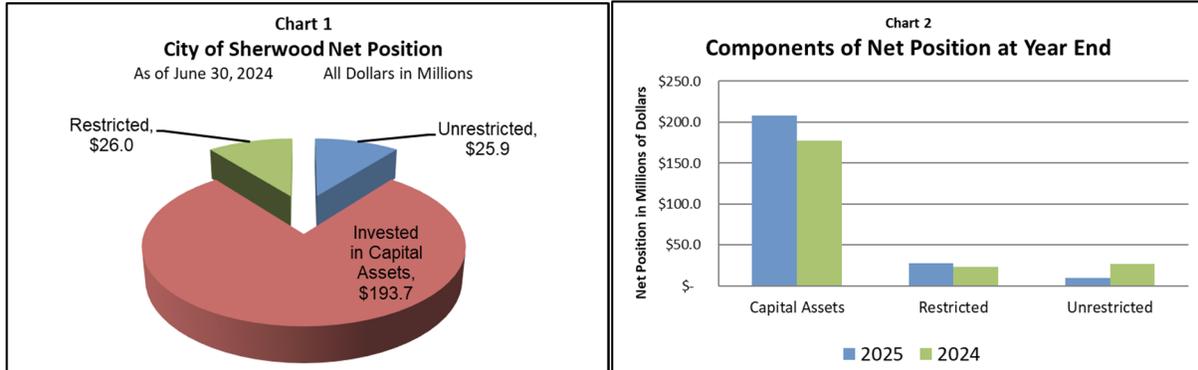
<b>Table 1</b>						
<b>Sherwood's Net Position</b>						
At Fiscal Year End (June 30, 2025 and 2024)						
<i>In Millions of Dollars</i>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>ASSETS:</b>						
Current assets	\$ 30.5	\$ 45.3	\$ 42.8	\$ 40.8	\$ 73.2	\$ 86.1
Long-term assets	1.7	1.5	1.3	1.3	3.0	2.8
Capital assets	118.8	93.6	139.8	134.8	258.6	228.4
<b>TOTAL ASSETS</b>	<u>150.8</u>	<u>140.4</u>	<u>183.9</u>	<u>176.9</u>	<u>334.9</u>	<u>317.3</u>
<b>DEFERRED OUTFLOWS:</b>	<u>8.1</u>	<u>6.6</u>	<u>1.4</u>	<u>1.2</u>	<u>9.5</u>	<u>7.8</u>
<b>LIABILITIES:</b>						
Current liabilities	6.5	5.2	4.0	5.5	10.5	10.7
Long-term liabilities	45.5	43.9	38.8	40.5	84.4	84.4
<b>TOTAL LIABILITIES</b>	<u>52.0</u>	<u>49.1</u>	<u>42.9</u>	<u>45.9</u>	<u>94.9</u>	<u>95.1</u>
<b>DEFERRED INFLOWS:</b>	<u>3.3</u>	<u>2.6</u>	<u>0.3</u>	<u>0.2</u>	<u>3.6</u>	<u>2.8</u>
<b>NET POSITION:</b>						
Invested in capital assets	90.8	73.2	102.9	104.0	193.7	177.2
Restricted	16.7	16.0	9.3	7.0	26.0	23.0
Unrestricted	<u>(4.0)</u>	<u>6.0</u>	<u>29.9</u>	<u>20.8</u>	<u>25.9</u>	<u>26.8</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 103.6</b></u>	<u><b>\$ 95.2</b></u>	<u><b>\$ 142.1</b></u>	<u><b>\$ 131.8</b></u>	<u><b>\$ 245.6</b></u>	<u><b>\$ 227.0</b></u>

As Chart 1 on the next page shows, the City's net investment in capital assets accounts for the majority of the City's net position. The City has invested \$193.7 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 \$26.0 million relates to amounts that are legally restricted for specific future obligations. Unrestricted net position of \$25.9 million is available to meet the City's on-going obligations.

CITY OF SHERWOOD, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025

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 2025 and 2024. This information is broken into Governmental Activities and Business-Type 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 increased by a net of \$6.4 million (22.4%). This is primarily due to an increase in property taxes, and increases in operating grants/contributions and capital grants/contributions..
  - Operating grants/contributions increased primarily due to the \$4.5 million grant received to reimburse for URA activities.
  - Property taxes also increased 0.9 million due to the increase in collections for the 2021 URA.
  - Total expenses increased \$0.7 million (11.5%) in FY25 mainly in response to the reduction in filling of open positions.

**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Business-Type Activities**

- Overall revenue increased from the prior year by \$2.9 million (15.3%) due to the increase in capital grants/contributions.
  - Charges for services increased by \$0.8 million (7.2%) mainly due to a 2% increase in utility rate payer revenue and the continued expansion of Sherwood Broadband which showed an increase of 10.3% in charges for services.
  - Capital grants/contributions increased by \$3.4 million (94.0%) due to increased development activity resulting in decreased System Development Charges (SDCs).
  - Total expenses decreased \$.1 million (0.9%) in FY25 mainly in response to the reduction of filling of open positions.

**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

<b>Table 2</b>						
<b>Statement of Activities</b>						
For the Fiscal Years Ending (June 30, 2025 and 2024)						
<i>In Millions of Dollars</i>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for services	\$ 5.0	\$ 5.0	\$ 12.4	\$ 11.6	\$ 17.4	\$ 16.6
Operating grants/contributions	8.8	4.4	0.1	1.4	8.9	5.8
Capital grants/contributions	6.5	5.2	7.0	3.6	13.5	8.8
<u>General revenues</u>						
Property taxes	10.0	9.0	-	-	10.0	9.0
Franchise fees	2.7	2.6	-	-	2.7	2.6
Other general revenue	1.7	2.1	1.9	1.9	3.6	4.0
Total revenues	<u>34.7</u>	<u>28.3</u>	<u>21.4</u>	<u>18.5</u>	<u>56.1</u>	<u>46.8</u>
<b>Expenses</b>						
<u>Governmental Activities</u>						
Administration	4.6	5.7	-	-	4.6	5.7
Community development	1.9	1.9	-	-	1.9	1.9
Public safety	7.1	6.7	-	-	7.1	6.7
Community services	2.9	3.2	-	-	2.9	3.2
Public works	8.3	6.8	-	-	8.3	6.8
Interest on long-term debt	0.8	0.7	-	-	0.8	0.7
<u>Business-Type Activities</u>						
Water	-	-	5.1	5.7	5.1	5.7
Sanitary	-	-	1.1	1.1	1.1	1.1
Storm	-	-	2.0	2.0	2.0	2.0
Broadband	-	-	2.8	2.3	2.8	2.3
Total expenses	<u>25.6</u>	<u>25.0</u>	<u>11.0</u>	<u>11.1</u>	<u>36.5</u>	<u>36.1</u>
<b>Change in Net Position</b>	<b>9.2</b>	<b>3.3</b>	<b>10.4</b>	<b>7.4</b>	<b>19.5</b>	<b>10.7</b>
Beginning Net Position as Originally Stated	95.1	-	131.8	-	226.9	-
Restatement - change in accounting principle	(0.8)	-	(0.1)	-	(0.9)	-
Beginning Net Position	<u>94.3</u>	<u>91.8</u>	<u>131.7</u>	<u>124.4</u>	<u>226.0</u>	<u>216.2</u>
<b>Ending Net Position</b>	<b><u>\$ 103.4</u></b>	<b><u>\$ 95.1</u></b>	<b><u>\$ 142.2</u></b>	<b><u>\$ 131.8</u></b>	<b><u>\$ 245.6</u></b>	<b><u>\$ 226.9</u></b>

**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

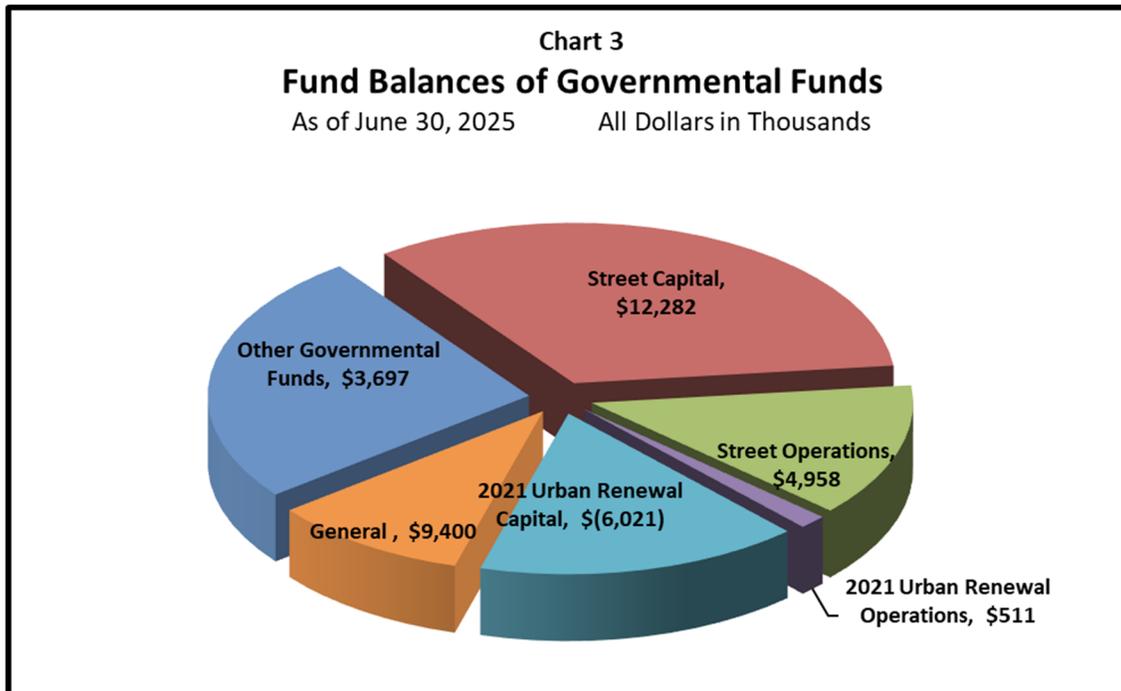
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and accounting standards. While there are numerous ways of categorizing funds, for simplicity sake, this report will continue the format initiated above, using the *Governmental* activities and *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 \$15.8 million (-38.81%).

Table 3 Governmental Funds: Changes in Fund Balance Fiscal Year 2025 <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	\$11,297	\$ 11,189	\$ 4,773	\$ 466	\$ 8,474	\$ 4,373	\$ 40,573
Change in Fund Balances	(1,898)	1,138	185	44	(14,495)	(676)	(15,701)
<b>Ending Fund Balances June 30, 2025</b>	<b>\$ 9,399</b>	<b>\$ 12,327</b>	<b>\$ 4,958</b>	<b>\$ 510</b>	<b>\$ (6,021)</b>	<b>\$ 3,697</b>	<b>\$ 24,872</b>



**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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

**Governmental Funds in Total (Continued)**

- The General Fund decreased by 16.8% due to mainly to the interfund loan between the Community Investment Fund, which is combined with the General Fund for governmental reporting and the Sanitary Fund..
- The Street Capital Fund increased by 9.8% due mainly to limited construction activity in FY25 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 3.9% due mainly to the continual effort of the city to control costs as well as a few open positions that were not filled.
- The 2021 Urban Renewal Operations Fund increased by 9.5% 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 171.1% 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, 2025**

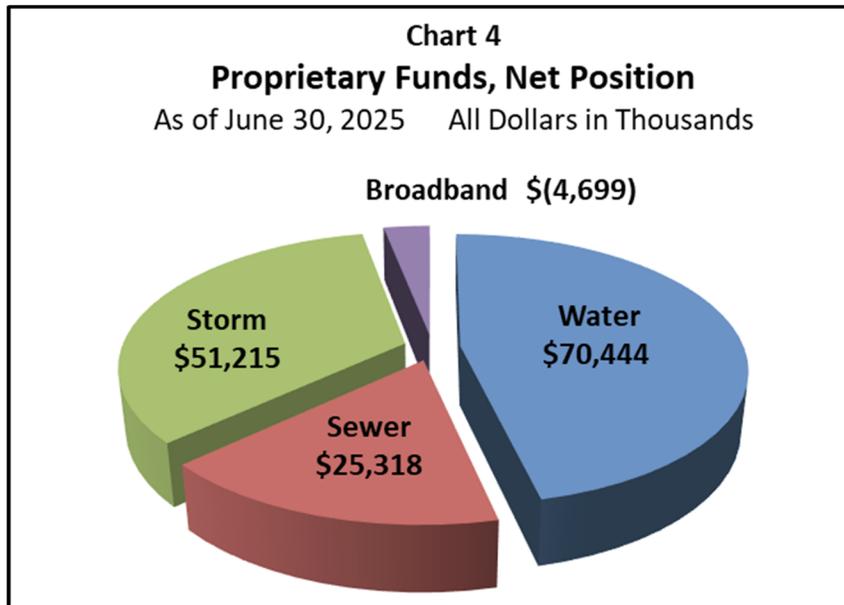
**3. FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)**

**Proprietary Funds**

Table 4 and Chart 4 show that ending net position for the proprietary funds was \$142.3 million, \$10.4 million (7.92%) higher than last year.

<b>Table 4</b>					
<b>Proprietary Funds, Changes in Net Position</b>					
Fiscal Year 2025					
<i>On an Accrual Basis - In Thousands of Dollars</i>					
	<b>Water</b>	<b>Sewer</b>	<b>Storm</b>	<b>Broadband</b>	<b>Totals</b>
Beginning Net Position *	\$ 64,661	\$ 24,090	\$ 47,024	\$ (3,935)	\$ 131,840
Change in Net Position	5,783	1,228	4,191	(764)	10,438
<b>Net Position June 30, 2025 *</b>	<b>\$ 70,444</b>	<b>\$ 25,318</b>	<b>\$ 51,215</b>	<b>\$ (4,699)</b>	<b>\$ 142,278</b>

\* Before restatement for change in accounting principle



- Water – increased 8.9% 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 5.1% in revenue related to development and contributed assets from private developers.
- Storm – increased 8.9% due to revenue from utility rates as well as contributed assets from private developers.
- Broadband – the deficit increased 19.5% 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, 2025

#### 4. GENERAL FUND BUDGETARY HIGHLIGHTS

**Original Budget Compared to Final Budget.** The General Fund budgetary schedule (on page 80) shows that during the year City Council approved appropriation transfers resulting in a net increase in expenditures appropriations of \$87,772 as well as an appropriation transfer of \$105,000 between Contingency and Transfers out resulting in net increase in expenditure appropriations.

**Final Budget Compared to Actual Results.** The year-end fund balance was \$1.1 million higher than budgeted with major variances as follows.

- Revenue came in \$1.3 million under budget due mainly to fines and forfeitures coming in lower than originally budgeted. Changes to the infrastructure have resulted in safer turn lanes which reduce the number of red-light tickets issued.
- Expenditures were carefully controlled in all divisions which led to about \$1.8 million in savings.

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, 2025**

**5. CAPITAL ASSETS**

Government wide, capital assets increased to \$258.7 million in FY25. This was an increase of \$30.22 million (3.2%).

<b>Table 5</b>						
<b>Government Wide Capital Assets</b>						
Net of Depreciation						
For the Fiscal Years Ending (June 30, 2025 and 2024)						
<i>In Millions of Dollars</i>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Land	\$ 17.9	\$ 15.9	\$ 0.2	\$ 0.2	\$ 18.1	\$ 16.2
Intangibles	11.8	10.1	15.0	13.6	26.8	23.7
Construction In Progress	39.4	19.8	21.5	19.4	60.9	39.2
Infrastructure	25.9	22.9	102.8	101.1	128.7	124.0
Buildings & Improvements	19.6	20.6	0.0	0.0	19.6	20.6
Machinery and Equipment	1.7	1.9	0.1	0.2	1.8	2.1
Vehicles	2.1	2.1	-	-	2.1	2.1
Right of Use	0.3	0.3	-	0.2	0.3	0.5
<b>Total Capital Assets</b>	<b>\$ 118.7</b>	<b>\$ 93.6</b>	<b>\$ 139.6</b>	<b>\$ 134.7</b>	<b>\$ 258.1</b>	<b>\$ 228.4</b>
Accumulated Depreciation	\$ 100.5	\$ 97.8	\$ 24.5	\$ 22.9	\$ 125.0	\$ 120.8

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

Governmental Activities:

- CWIP Infrastructure: \$10.5 million
- Infrastructure: \$3.9 million
- Buildings & Impr: down \$0.5 million

Proprietary Activities:

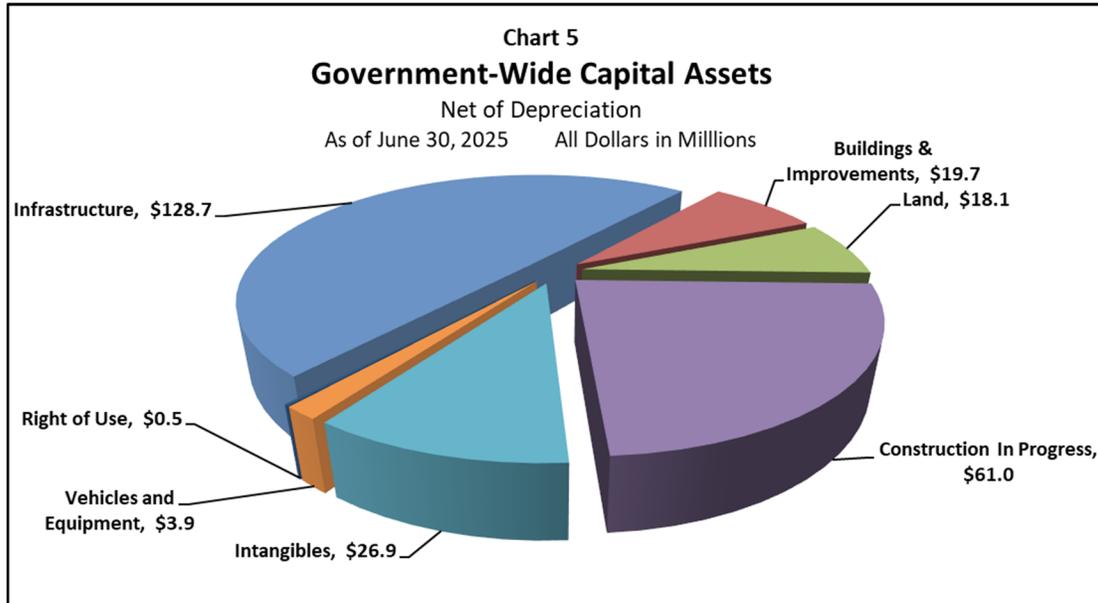
- Water, Sanitary, Storm water and Broadband improvements: \$3.1 million
- CWIP: \$2.1 million

**CITY OF SHERWOOD, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**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.



**6. DEBT OUTSTANDING**

On June 30, 2025, the City had long term debt obligations of \$66.90 million. Of this amount, \$27.1 million will be serviced by tax increment revenues and \$37.3 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.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Full Faith and Credit	\$ -	\$ -	\$ 37.32	\$ 39.13	\$ 37.32	\$ 39.13
Tax Increment Revenue	27.07	27.21	-	-	27.07	27.21
Leases and Subscriptions	0.27	0.36	0.07	0.20	0.34	0.56
<b>Total Outstanding Debt</b>	<b>\$ 27.34</b>	<b>\$ 27.57</b>	<b>\$ 37.39</b>	<b>\$ 39.33</b>	<b>\$ 64.73</b>	<b>\$ 66.90</b>

## **CITY OF SHERWOOD, OREGON**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025**

#### **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 positions were eliminated in this budget cycle to offset any significant cost increases.

#### **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](mailto:BodwayD@SherwoodOregon.gov).

**BASIC FINANCIAL STATEMENTS**

**CITY OF SHERWOOD**  
Sherwood, Oregon

**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and investments	\$ 37,372,351	\$ 31,110,127	\$ 68,482,478
Internal balances	(9,000,000)	9,000,000	-
Receivables, net	1,662,070	2,608,151	4,270,221
Lease receivable, current portion	145,109	-	145,109
Prepays	286,929	49,874	336,803
<b>Total current assets</b>	<b>30,466,459</b>	<b>42,768,152</b>	<b>73,234,611</b>
Noncurrent assets:			
Lease receivable, noncurrent portion	1,406,669	-	1,406,669
Investment in joint ventures	-	1,212,147	1,212,147
Net other post employment benefits asset	245,669	61,659	307,328
Capital assets:			
Land, improvements and construction in progress	69,115,852	36,805,125	105,920,977
Other capital assets, net	49,653,622	103,030,141	152,683,763
<b>Total noncurrent assets</b>	<b>120,421,812</b>	<b>141,109,072</b>	<b>261,530,884</b>
<b>TOTAL ASSETS</b>	<b>150,888,271</b>	<b>183,877,224</b>	<b>334,765,495</b>
<b>DEFERRED OUTFLOWS</b>			
Pension	8,005,422	1,421,069	9,426,491
Other Post Employment Benefits	57,887	14,528	72,415
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>8,063,309</b>	<b>1,435,597</b>	<b>9,498,906</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and other current liabilities	4,311,668	1,633,551	5,945,219
Payroll payable	981,258	239,279	1,220,537
Accrued interest	149,331	155,834	305,165
Current portion of long-term obligations	1,064,576	2,007,711	3,072,287
<b>Total current liabilities</b>	<b>6,506,833</b>	<b>4,036,375</b>	<b>10,543,208</b>
Noncurrent liabilities:			
Net pension liability	16,881,330	2,996,662	19,877,992
Total other post employment benefits obligation	554,237	139,104	693,341
Noncurrent portion of long-term obligations	28,113,266	35,679,784	63,793,050
<b>Total noncurrent liabilities</b>	<b>45,548,833</b>	<b>38,815,550</b>	<b>84,364,383</b>
<b>TOTAL LIABILITIES</b>	<b>52,055,666</b>	<b>42,851,925</b>	<b>94,907,591</b>
<b>DEFERRED INFLOWS</b>			
Pension	1,530,619	271,705	1,802,324
Other post employment benefits	213,545	53,597	267,142
Lease resources	1,551,778	-	1,551,778
<b>TOTAL DEFERRED INFLOWS</b>	<b>3,295,942</b>	<b>325,302</b>	<b>3,621,244</b>
<b>NET POSITION:</b>			
Net investment in capital assets	90,819,281	102,895,874	193,715,155
Restricted for:			
Capital projects	11,329,195	9,348,503	20,677,698
Street and roadside maintenance	4,954,770	-	4,954,770
Tourism	86,849	-	86,849
Grants	121,495	-	121,495
OPEB Asset	245,669	61,659	307,328
Unrestricted (Deficit)	(3,957,286)	29,829,558	25,872,272
<b>TOTAL NET POSITION</b>	<b>\$ 103,599,972</b>	<b>\$ 142,135,594</b>	<b>\$ 245,735,566</b>

See notes to basic financial statements

**CITY OF SHERWOOD**  
Sherwood, Oregon

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

ACTIVITIES	Program Revenues				Net Revenue (Expense) and Change in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental activities:							
Administration	\$ 4,592,984	\$ 81,539	\$ 1,001,813	\$ -	\$ (3,509,632)	\$ -	\$ (3,509,632)
Community Development	1,919,999	1,695,166	77,567	-	(147,266)	-	(147,266)
Public Safety	7,094,479	1,228,537	267,871	-	(5,598,071)	-	(5,598,071)
Community Services	2,938,081	682,539	1,165,743	-	(1,089,799)	-	(1,089,799)
Public Works	8,300,857	1,301,176	6,317,236	6,498,252	5,815,807	-	5,815,807
Interest on long-term obligations	818,534	-	-	-	(818,534)	-	(818,534)
Total governmental activities	<u>25,664,934</u>	<u>4,988,957</u>	<u>8,830,230</u>	<u>6,498,252</u>	<u>(5,347,496)</u>	<u>-</u>	<u>(5,347,496)</u>
Business-Type activities:							
Water	5,080,863	7,191,103	-	2,628,068	-	4,738,308	4,738,308
Sewer	1,076,109	898,241	60,531	1,088,860	-	971,523	971,523
Storm	1,998,165	2,600,876	-	3,099,270	-	3,701,981	3,701,981
Broadband	2,806,410	1,737,483	6,576	203,300	-	(859,051)	(859,051)
Total business-type activities	<u>10,961,547</u>	<u>12,427,703</u>	<u>67,107</u>	<u>7,019,498</u>	<u>-</u>	<u>8,552,761</u>	<u>8,552,761</u>
<b>Total</b>	<u>\$ 36,626,481</u>	<u>\$ 17,416,660</u>	<u>\$ 8,897,337</u>	<u>\$ 13,517,750</u>	<u>(5,347,496)</u>	<u>8,552,761</u>	<u>3,205,265</u>
<b>GENERAL REVENUES</b>							
Property taxes					10,035,012	-	10,035,012
Franchise fees and taxes					2,714,490	-	2,714,490
Unrestricted interest earnings					1,573,311	1,707,962	3,281,273
Gain (Loss) on disposal of assets					76,767	8,013	84,780
Miscellaneous					140,957	167,031	307,988
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<u>14,540,537</u>	<u>1,883,006</u>	<u>16,423,543</u>
<b>CHANGE IN NET POSITION</b>							
					<u>9,193,041</u>	<u>10,435,767</u>	<u>19,628,808</u>
<b>NET POSITION, June 30, 2024, as reported</b>							
					<u>95,219,036</u>	<u>131,839,601</u>	<u>227,058,637</u>
<b>RESTATEMENT - Change in Accounting Principal</b>							
					<u>(812,105)</u>	<u>(139,774)</u>	<u>(951,879)</u>
<b>NET POSITION, June 30, 2024, restated</b>							
					<u>94,406,931</u>	<u>131,699,827</u>	<u>226,106,758</u>
<b>NET POSITION, June 30, 2025</b>							
					<u>\$ 103,599,972</u>	<u>\$ 142,135,594</u>	<u>\$ 245,735,566</u>

See notes to basic financial statements

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2025**

	General Fund	Street Capital Fund	Street Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS:</b>							
Cash and investments	\$ 7,591,705	\$ 12,771,481	\$ 4,812,336	\$ 534,863	\$ 8,024,335	\$ 3,637,631	\$ 37,372,351
Interfund loan receivable	3,000,000	-	-	-	-	-	3,000,000
Receivables	1,048,368	-	277,978	60,324	214,062	61,338	1,662,070
Lease receivable	1,551,778	-	-	-	-	-	1,551,778
Prepays	158,538	-	3,462	-	124,929	-	286,929
<b>TOTAL ASSETS</b>	<b>\$ 13,350,389</b>	<b>\$ 12,771,481</b>	<b>\$ 5,093,776</b>	<b>\$ 595,187</b>	<b>\$ 8,363,326</b>	<b>\$ 3,698,969</b>	<b>\$ 43,873,128</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ 1,056,537	\$ 415,265	\$ 80,135	\$ 13,405	\$ 1,953,389	\$ 1,061	\$ 3,519,792
Payroll payable	908,688	11,672	33,534	22,777	3,830	757	981,258
Interfund loan payable	-	-	-	-	12,000,000	-	12,000,000
Other current liabilities	325,713	17,323	21,875	-	426,965	-	791,876
<b>TOTAL LIABILITIES</b>	<b>2,290,938</b>	<b>444,260</b>	<b>135,544</b>	<b>36,182</b>	<b>14,384,184</b>	<b>1,818</b>	<b>17,292,926</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue, leases	1,551,778	-	-	-	-	-	1,551,778
Unavailable revenue, property taxes	107,978	-	-	48,363	-	-	156,341
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,659,756</b>	<b>-</b>	<b>-</b>	<b>48,363</b>	<b>-</b>	<b>-</b>	<b>1,708,119</b>
<b>FUND BALANCES:</b>							
Nonspendable in form	3,158,538	-	3,462	-	124,929	-	3,286,929
Restricted for:							
Capital Projects	-	7,791,628	-	-	-	3,537,567	11,329,195
Street Maintenance	-	-	4,954,770	-	-	-	4,954,770
Urban Renewal Projects	-	-	-	510,642	-	-	510,642
Tourism	-	-	-	-	-	86,849	86,849
Grants	-	-	-	-	-	121,495	121,495
Public Safety	71,270	-	-	-	-	-	71,270
Committed to:							
Capital Projects	-	1,102,029	-	-	-	638,849	1,740,878
Public Art	21,625	-	-	-	-	-	21,625
Economic Development and Promotion	141,229	-	-	-	-	-	141,229
Community Investment	1,069,110	-	-	-	-	-	1,069,110
School District	32,155	-	-	-	-	-	32,155
Assigned to:							
Risk Management	33,287	-	-	-	-	-	33,287
Capital Projects	-	3,433,564	-	-	-	-	3,433,564
Fleet Replacement	84,870	-	-	-	-	-	84,870
Subsequent Years Appropriation of Fund Balance	2,051,820	-	-	-	-	-	2,051,820
Unassigned	2,735,791	-	-	-	(6,145,787)	(687,609)	(4,097,605)
<b>TOTAL FUND BALANCES</b>	<b>9,399,695</b>	<b>12,327,221</b>	<b>4,958,232</b>	<b>510,642</b>	<b>(6,020,858)</b>	<b>3,697,151</b>	<b>24,872,083</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,350,389</b>	<b>\$ 12,771,481</b>	<b>\$ 5,093,776</b>	<b>\$ 595,187</b>	<b>\$ 8,363,326</b>	<b>\$ 3,698,969</b>	<b>\$ 43,873,128</b>

See notes to basic financial statements

**CITY OF SHERWOOD**  
Sherwood, Oregon

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2025**

<b>TOTAL FUND BALANCE</b>		<b>\$ 24,872,083</b>
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	\$ 219,234,133	
Accumulated depreciation	<u>(100,464,659)</u>	118,769,474
Other post employment benefit assets are not financial resources for budgetary purposes and are therefore not reported in the governmental funds		
		245,669
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.		
		156,341
Deferred Inflows - Pension		
		(1,530,619)
Deferred Inflows - Other Post Employment Benefits		
		(213,545)
Deferred Outflows - Pension		
		8,005,422
Deferred Outflows - Other Post Employment Benefits		
		57,887
Compensated absences not payable in the current year are not recorded as governmental fund liabilities.		
		(1,833,166)
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	\$ (23,884,173)	
Premium on bonds	(3,460,503)	
Pension liability	(16,881,330)	
OPEB liability	(554,237)	
Accrued interest payable	<u>(149,331)</u>	<u>(44,929,574)</u>
<b>TOTAL NET POSITION</b>		<b><u>\$ 103,599,972</u></b>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Street Capital Fund	Street Operations Fund	2021 Urban Renewal Operations Fund	2021 Urban Renewal Capital Fund	Other Nonmajor Governmental Funds	Totals
<b>REVENUES:</b>							
Property Taxes	\$ 8,347,443	\$ -	\$ -	\$ 1,671,715	\$ -	\$ -	\$ 10,019,158
Franchises and fees	2,697,680	-	-	-	-	16,810	2,714,490
Intergovernmental	2,143,502	-	2,103,175	50,625	4,214,061	318,867	8,830,230
Charges for services	2,814,393	67,536	798,627	-	-	94,471	3,775,027
Infrastructure development fees	-	2,183,241	1,762	-	-	954,194	3,139,197
Fines and forfeitures	1,213,930	-	-	-	-	-	1,213,930
Interest on investments	362,774	560,283	226,697	59,723	123,372	240,462	1,573,311
Miscellaneous	145,384	-	5,363	-	-	-	150,747
<b>TOTAL REVENUES</b>	<b>17,725,106</b>	<b>2,811,060</b>	<b>3,135,624</b>	<b>1,782,063</b>	<b>4,337,433</b>	<b>1,624,804</b>	<b>31,416,090</b>
<b>EXPENDITURES:</b>							
Current:							
Administration	3,640,371	-	-	408,701	4,404,071	-	8,453,143
Community Development	2,022,960	-	-	-	-	-	2,022,960
Public Safety	7,018,598	-	-	-	-	-	7,018,598
Community Services	3,086,549	-	-	-	-	-	3,086,549
Public Works	2,925,152	545,423	1,938,810	-	-	340,894	5,750,279
Noncurrent:							
Capital Outlay	1,085,519	1,322,305	261,986	-	14,885,515	2,348,796	19,904,121
Debt Service - Principal	248,223	-	-	-	-	-	248,223
Debt Service - Interest	7,044	-	-	871,488	-	-	878,532
<b>TOTAL EXPENDITURES</b>	<b>20,034,416</b>	<b>1,867,728</b>	<b>2,200,796</b>	<b>1,280,189</b>	<b>19,289,586</b>	<b>2,689,690</b>	<b>47,362,405</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(2,309,310)</b>	<b>943,332</b>	<b>934,828</b>	<b>501,874</b>	<b>(14,952,153)</b>	<b>(1,064,886)</b>	<b>(15,946,315)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from subscription financing	165,480	-	-	-	-	-	165,480
Proceeds from sale of capital assets	79,618	-	-	-	-	-	79,618
Transfers in	166,493	750,000	-	-	457,473	555,070	1,929,036
Transfers out	-	(555,070)	(750,000)	(457,473)	-	(166,493)	(1,929,036)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>411,591</b>	<b>194,930</b>	<b>(750,000)</b>	<b>(457,473)</b>	<b>457,473</b>	<b>388,577</b>	<b>245,098</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,897,719)</b>	<b>1,138,262</b>	<b>184,828</b>	<b>44,401</b>	<b>(14,494,680)</b>	<b>(676,309)</b>	<b>(15,701,217)</b>
<b>FUND BALANCE - beginning of year</b>	<b>11,297,414</b>	<b>11,188,959</b>	<b>4,773,404</b>	<b>466,241</b>	<b>8,473,822</b>	<b>4,373,460</b>	<b>40,573,300</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 9,399,695</b>	<b>\$ 12,327,221</b>	<b>\$ 4,958,232</b>	<b>\$ 510,642</b>	<b>\$ (6,020,858)</b>	<b>\$ 3,697,151</b>	<b>\$ 24,872,083</b>

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, 2025**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ (15,701,217)</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Governmental funds report capital assets additions as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:</p>		
Expenditures capitalized	\$ 24,866,621	
Disposal/transfer of capital assets	(2,851)	
Depreciation and amortization	<u>(3,065,948)</u>	21,797,822
Contributions of capital assets are not recorded as revenues in the fund statements		3,359,055
Proceeds from financing of bonds, loans, leases, and subscriptions are revenues in the governmental funds, but increase liabilities in the Statement of Net Position		(165,480)
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.		6,064
<p>Principal payments on long-term obligations are expenditures in the governmental funds, but reduce long-term liabilities in the Statement of Net Position.</p>		
Principal on lease financing	20,467	
Principal on subscription financing	234,937	
Premium amortization	<u>133,096</u>	388,500
<p>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.</p>		
Pension Expense	(420,113)	
OPEB Expense	(4,741)	
Accrued interest	(80,279)	
Compensated absences	<u>13,430</u>	<u>(491,703)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 9,193,041</u></b>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Water	Sewer	Storm	Broadband	Totals
<b>ASSETS:</b>					
Current assets:					
Cash and investments	\$ 14,225,422	\$ 5,136,523	\$ 11,326,771	\$ 421,411	\$ 31,110,127
Receivables, net	1,620,783	477,132	307,432	202,804	2,608,151
Interfund loan receivable	12,000,000	-	-	-	12,000,000
Prepays	4,550	28	363	44,933	49,874
<b>Total current assets</b>	<b>27,850,755</b>	<b>5,613,683</b>	<b>11,634,566</b>	<b>669,148</b>	<b>45,768,152</b>
Noncurrent assets:					
Investment in joint ventures	1,212,147	-	-	-	1,212,147
Net other post employment benefits asset	15,422	6,940	12,466	26,831	61,659
Right to Use Assets - Subscriptions	3,699	-	-	75,976	79,675
Land, improvements and construction in progress	12,071,362	4,445,237	13,370,603	6,917,923	36,805,125
Other capital assets, net	51,649,598	16,898,386	26,856,800	7,545,682	102,950,466
<b>Total noncurrent assets</b>	<b>64,952,228</b>	<b>21,350,563</b>	<b>40,239,869</b>	<b>14,566,412</b>	<b>141,109,072</b>
<b>TOTAL ASSETS</b>	<b>92,802,983</b>	<b>26,964,246</b>	<b>51,874,435</b>	<b>15,235,560</b>	<b>186,877,224</b>
<b>DEFERRED OUTFLOWS :</b>					
Pension	357,739	171,093	310,768	581,469	1,421,069
Other post employment benefits	3,631	1,636	2,938	6,323	14,528
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>361,370</b>	<b>172,729</b>	<b>313,706</b>	<b>587,792</b>	<b>1,435,597</b>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable and other current liabilities	625,446	759,556	143,647	104,902	1,633,551
Payroll payable	45,375	27,188	35,652	131,064	239,279
Accrued interest payable	54,244	7,211	-	94,379	155,834
Current Portion:					
Accrued compensated absences	19,368	9,420	22,143	66,704	117,635
Interfund loan payable	-	47,445	-	189,779	237,224
Loans payable	1,692,575	-	-	127,962	1,820,537
Subscriptions payable	3,056	-	-	66,483	69,539
<b>Total current liabilities</b>	<b>2,440,064</b>	<b>850,820</b>	<b>201,442</b>	<b>781,273</b>	<b>4,273,599</b>
Long-term liabilities:					
Noncurrent Portion:					
Accrued compensated absences	29,053	14,131	33,215	100,056	176,455
Interfund loan payable	-	552,555	-	2,210,221	2,762,776
Loans payable	19,402,272	-	-	16,101,057	35,503,329
Total pension liability	754,377	360,791	655,327	1,226,167	2,996,662
Net other post employment benefits obligation	34,790	15,658	28,125	60,531	139,104
<b>Total long-term liabilities</b>	<b>20,220,492</b>	<b>943,135</b>	<b>716,667</b>	<b>19,698,032</b>	<b>41,578,326</b>
<b>TOTAL LIABILITIES</b>	<b>22,660,556</b>	<b>1,793,955</b>	<b>918,109</b>	<b>20,479,305</b>	<b>45,851,925</b>
<b>DEFERRED INFLOWS:</b>					
Pension	68,401	32,712	59,417	111,175	271,705
Other post employment benefits	13,406	6,033	10,836	23,322	53,597
<b>TOTAL DEFERRED INFLOWS</b>	<b>81,807</b>	<b>38,745</b>	<b>70,253</b>	<b>134,497</b>	<b>325,302</b>
<b>NET POSITION:</b>					
Net investment in capital assets	42,626,756	21,343,623	40,227,403	(1,301,908)	102,895,874
Restricted for capital improvements	4,558,798	3,257,026	1,532,679	-	9,348,503
Restricted OPEB asset	15,422	6,940	12,466	26,831	61,659
Unrestricted	23,221,014	696,686	9,427,231	(3,515,373)	29,829,558
<b>TOTAL NET POSITION</b>	<b>\$ 70,421,990</b>	<b>\$ 25,304,275</b>	<b>\$ 51,199,779</b>	<b>\$ (4,790,450)</b>	<b>\$ 142,135,594</b>

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, 2025**

	Water	Sewer	Storm	Broadband	Totals
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 7,191,103	\$ 898,241	\$ 2,600,876	\$ 1,737,483	\$ 12,427,703
Intergovernmental	-	60,531	-	6,576	67,107
Miscellaneous	42,612	33,422	15,190	75,807	167,031
<b>TOTAL OPERATING REVENUES</b>	<b>7,233,715</b>	<b>992,194</b>	<b>2,616,066</b>	<b>1,819,866</b>	<b>12,661,841</b>
<b>OPERATING EXPENSES:</b>					
Personnel services	875,249	399,998	813,640	793,540	2,882,427
Materials and services	2,794,021	459,097	829,137	1,207,660	5,289,915
Depreciation and Amortization	810,458	209,803	355,388	380,994	1,756,643
<b>TOTAL OPERATING EXPENSES</b>	<b>4,479,728</b>	<b>1,068,898</b>	<b>1,998,165</b>	<b>2,382,194</b>	<b>9,928,985</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,753,987</b>	<b>(76,704)</b>	<b>617,901</b>	<b>(562,328)</b>	<b>2,732,856</b>
<b>NONOPERATING INCOME (EXPENSE):</b>					
Interest expense	(576,892)	(7,211)	-	(424,216)	(1,008,319)
Interest earnings	1,001,639	221,825	467,017	17,481	1,707,962
Loss in equity in joint ventures	(24,243)	-	-	-	(24,243)
Gain on disposal of assets	735	739	6,476	63	8,013
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<b>401,239</b>	<b>215,353</b>	<b>473,493</b>	<b>(406,672)</b>	<b>683,413</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>3,155,226</b>	<b>138,649</b>	<b>1,091,394</b>	<b>(969,000)</b>	<b>3,416,269</b>
Capital Contributions - System development fees	1,786,910	398,101	891,556	-	3,076,567
Capital Contributions - Contributed assets	841,158	690,759	2,207,714	203,300	3,942,931
<b>CHANGE IN NET POSITION</b>	<b>5,783,294</b>	<b>1,227,509</b>	<b>4,190,664</b>	<b>(765,700)</b>	<b>10,435,767</b>
<b>NET POSITION, AS REPORTED, June 30, 2024</b>	<b>64,661,003</b>	<b>24,090,010</b>	<b>47,023,687</b>	<b>(3,935,099)</b>	<b>131,839,601</b>
<b>RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPAL</b>	<b>(22,307)</b>	<b>(13,244)</b>	<b>(14,572)</b>	<b>(89,651)</b>	<b>(139,774)</b>
<b>NET POSITION, AS RESTATED, June 30, 2024</b>	<b>64,638,696</b>	<b>24,076,766</b>	<b>47,009,115</b>	<b>(4,024,750)</b>	<b>131,699,827</b>
<b>NET POSITION, June 30, 2025</b>	<b>\$ 70,421,990</b>	<b>\$ 25,304,275</b>	<b>\$ 51,199,779</b>	<b>\$ (4,790,450)</b>	<b>\$ 142,135,594</b>

See notes to basic financial statements

**CITY OF SHERWOOD**  
Sherwood, Oregon

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Water	Sewer	Storm	Broadband	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 6,842,300	\$ 895,217	\$ 2,570,374	\$ 1,871,146	\$ 12,179,037
Payments to suppliers	(4,317,751)	(344,847)	(830,521)	(1,288,839)	(6,781,958)
Payments to employees	(895,207)	(384,657)	(795,193)	(789,281)	(2,864,338)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>1,629,342</u>	<u>165,713</u>	<u>944,660</u>	<u>(206,974)</u>	<u>2,532,741</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Interfund loan disbursement	(12,000,000)	-	-	-	(12,000,000)
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(12,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,000,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets, net of disposal	(940,226)	(502,436)	(290,965)	(1,144,357)	(2,877,984)
Sale of capital assets	735	739	6,476	63	8,013
Proceeds from interfund loan	-	600,000	-	2,400,000	3,000,000
Due to other funds	-	-	-	(91,032)	(91,032)
System development charges	1,786,910	398,101	891,556	-	3,076,567
Principal paid on long-term obligations	(1,563,234)	(10,132)	(13,509)	(195,549)	(1,782,424)
Interest paid on long-term obligations	(726,397)	-	-	(358,221)	(1,084,618)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,442,212)</u>	<u>486,272</u>	<u>593,558</u>	<u>610,904</u>	<u>248,522</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Contributions to joint ventures	(2,744)	-	-	-	(2,744)
Interest earnings (loss)	1,001,639	221,825	467,017	17,481	1,707,962
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>998,895</u>	<u>221,825</u>	<u>467,017</u>	<u>17,481</u>	<u>1,705,218</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(10,813,975)</u>	<u>873,810</u>	<u>2,005,235</u>	<u>421,411</u>	<u>(7,513,519)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>25,039,397</u>	<u>4,262,713</u>	<u>9,321,536</u>	<u>-</u>	<u>38,623,646</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 14,225,422</u>	<u>\$ 5,136,523</u>	<u>\$ 11,326,771</u>	<u>\$ 421,411</u>	<u>\$ 31,110,127</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 2,753,987	\$ (76,704)	\$ 617,901	\$ (562,328)	\$ 2,732,856
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	810,458	209,803	355,388	380,994	1,756,643
Pension and net OPEB expense (benefit)	4,571	16,334	10,227	5,755	36,887
Decrease (increase) in assets					
Prepays	320	157	22	47,277	47,776
Receivables, net	(391,415)	(96,977)	(45,692)	51,280	(482,804)
Increase (decrease) in liabilities					
Accounts payable and other current liabilities	(1,524,050)	114,093	(1,406)	(128,456)	(1,539,819)
Payroll payable	(7,172)	10,444	2,679	23,023	28,974
Compensated absences payable	(17,357)	(11,437)	5,541	(24,519)	(47,772)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 1,629,342</u>	<u>\$ 165,713</u>	<u>\$ 944,660</u>	<u>\$ (206,974)</u>	<u>\$ 2,532,741</u>
<b>Summary of non-cash transactions:</b>					
Contributions of capital assets from developers	\$ 841,158	\$ 690,759	\$ 2,207,714	\$ 203,300	\$ 3,942,931
Equity (loss) in joint venture	(24,243)	-	-	-	(24,243)

See notes to basic financial statements

**NOTES TO BASIC FINANCIAL STATEMENTS**

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

#### 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, 2025

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, 2025**

**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, 2025**

**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, 2025**

**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, 2025

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. *Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays 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

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.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Compensated absences*

City employees accumulate earned but unused paid time off and sick leave. The City's policy permits employees to accumulate earned but unused vacation benefits which are eligible for payment upon separation of service. Accumulated sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists. The City accrues a liability for sick leave that is more likely than not to be used by employees.

The liability for such leave is reported as 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. The liability for compensated absences includes salary-related benefits, where applicable.

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, 2025

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.

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, 2025

#### 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, 2025**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budget**

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

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

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

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

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

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

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2025, with the exception of General Fund – Administration by \$177,945, General Fund – Public Safety by \$60,702, General Fund – Debt Service by \$255,267, and Sewer Fund - Operations by \$81,246.

All appropriations lapse at fiscal year-end.

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

1. Pooled Deposits and Investments

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

Cash and investments are compromised of the following at June 30, 2025:

Cash on hand	\$	2,100
Cash with fiscal agent		928
Deposits with financial institutions		1,394,979
Investments		67,039,080
Total cash and investments	\$	<u>68,437,087</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, 2025**

**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 \$2,116,372. Of these time deposits and bank demand deposits, \$250,000 was covered by FDIC. For the \$1,866,372 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, 2025, are summarized below:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than 3 Months</u>	<u>4-12 Months</u>	<u>Greater than 12 Months</u>
US Treasury	\$ 11,548,103	\$ -	\$ 11,548,103	\$ -
Federal Agencies	4,337,247	1,002,463	993,502	2,341,282
State of Oregon Local Government Investment Pool	51,153,730	51,153,730	-	-
Total Investments	<u>\$ 67,039,080</u>	<u>\$ 52,156,193</u>	<u>\$ 12,541,605</u>	<u>\$ 2,341,282</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, 2025, the Oregon Short-Term Fund (LGIP) is limited to \$61,749,000 per Oregon Revised Statute 294.810.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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	\$ 4,337,247	6.47%	100%
US Treasury	11,548,103	17.23%	100%
Oregon Short-Term Fund (LGIP)	51,153,730	76.30%	*
Total of Investments	\$ 67,039,080	100.00%	

\* Maximum allowed per ORS 294.810

*6. Fair Value Measurement*

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

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

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

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2025, net of allowance for uncollectible amounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Property taxes	\$ 213,573	\$ -	\$ 213,573
Court Fines	1,783,769	-	1,783,769
Federal Revenue	214,062	6,576	220,638
State Revenue	411,690	-	411,690
Misc IG	129,086	58,580	187,666
4th Qtr Franchise Fees	377,679	955	378,634
Charges for Services	22,296	1,791	24,087
Miscellaneous	4,529	580,371	584,899
Utility Bills	66,292	1,508,047	1,574,339
Utility Bills for CWS	-	358,132	358,132
Broadband Utility Bills	-	196,616	196,616
Gross Receivables	3,222,976	2,711,068	5,934,044
Less: allowance for uncollectable			
Court	(1,548,703)	-	(1,548,703)
Broadband	-	(7,359)	(7,359)
Utility Bills	(7,733)	(1,343)	(9,076)
Other	(4,470)	(94,215)	(98,685)
Net Receivables	\$ 1,662,070	\$ 2,608,151	\$ 4,270,221

**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, 2025**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Leases receivable (Continued)**

**2. Building Leases**

On 02/01/2023, 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 06/30/2025, the value of the lease receivable is \$579,571. 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.

On 09/01/2024, the city entered into a 70-month lease as a lessor for the use of the City Hall Rental Unit. An initial lease receivable was recorded in the amount of \$147,290. As of 06/30/2025, the value of the lease receivable is \$129,526. The lessee is required to make monthly fixed payments of \$2,132. The lease has an interest rate of 3.11%. The Building's estimated useful life was 459 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, 2025**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Leases receivable (Continued)**

Leases receivable activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Adjustment	Additions	Deletions	Balance June 30, 2025
<b>Governmental Activities</b>					
Land					
Snyder Park - AT&T	\$ 244,668	\$ -	\$ -	\$ (20,829)	\$ 223,839
Stella Olsen - Verizon	269,038	-	-	(11,715)	257,323
Stella Olsen - Monarch Towers	117,347	-	-	(14,506)	102,841
Total land lease receivable	<u>631,053</u>	<u>-</u>	<u>-</u>	<u>(47,050)</u>	<u>584,003</u>
Buildings					
City Hall Rental Unit	-	-	147,290	(18,108)	129,182
20159 SW Roy Rogers Road	2,241	-	-	(2,241)	-
Art Center Rental Unit CMAW	620,693	-	-	(41,122)	579,571
Total buildings lease receivable	<u>622,934</u>	<u>-</u>	<u>147,290</u>	<u>(61,471)</u>	<u>708,753</u>
Infrastructure					
Stella Olsen - T-Mobile	86,939	5,862	-	(3,190)	89,611
Snyder Park - Vertical Bridge Holdings	185,533	-	-	(16,122)	169,411
Total infrastructure lease receivable	<u>272,472</u>	<u>5,862</u>	<u>-</u>	<u>(19,312)</u>	<u>259,022</u>
Total lease receivable	<u>\$ 1,526,459</u>	<u>\$ 5,862</u>	<u>\$ 147,290</u>	<u>\$ (127,833)</u>	<u>\$ 1,551,778</u>

Future maturities are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 145,109	\$ 35,736	\$ 180,845
2027	154,830	32,047	186,877
2028	165,136	28,177	193,313
2029	175,922	23,915	199,837
2030	186,785	19,440	206,225
2031-2035	555,250	43,112	598,362
2036-2040	168,746	7,445	176,191
Total	<u>\$ 1,551,778</u>	<u>\$ 189,872</u>	<u>\$ 1,741,650</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2025**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital assets**

*1. Governmental Activities*

Capital assets for governmental activities for the year ended June 30, 2025, are as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers and Adjustments	Balance June 30, 2025
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 15,894,285	\$ 1,962,590	\$ -	\$ -	17,856,875
Intangibles (easements)	10,094,515	1,735,394	-	-	11,829,909
Construction work in progress	19,751,738	22,081,599	-	(2,404,269)	39,429,068
Total capital assets not being depreciated	<u>45,740,538</u>	<u>25,779,583</u>	<u>-</u>	<u>(2,404,269)</u>	<u>69,115,852</u>
Capital assets being depreciated/amortization:					
Infrastructure	86,685,463	1,623,661	-	2,451,493	90,760,617
Buildings and improvements	50,001,864	99,396	-	-	50,101,260
Machinery and equipment	3,848,519	72,019	(114,524)	-	3,806,014
Licensed vehicles	4,381,201	280,110	(164,720)	-	4,496,591
Right of Use - IT Subscriptions	713,699	323,926	(166,667)	(243)	870,715
Right of Use - Equipment Leases	83,084	-	-	-	83,084
Total capital assets being depreciated/amortization	<u>145,713,830</u>	<u>2,399,112</u>	<u>(445,911)</u>	<u>2,451,250</u>	<u>150,118,281</u>
Less accumulated depreciation/amortization:					
Infrastructure	63,815,080	1,204,692	-	(130,749)	64,889,023
Buildings and improvements	29,369,778	951,019	-	130,749	30,451,546
Machinery and equipment	1,959,013	247,187	(111,673)	-	2,094,527
Licensed vehicles	2,235,932	366,676	(164,720)	-	2,437,888
Right of Use - IT Subscriptions	440,478	275,604	(166,667)	-	549,415
Right of Use - Equipment Leases	21,490	20,770	-	-	42,260
Total accumulated depreciation/amortization	<u>97,841,771</u>	<u>3,065,948</u>	<u>(443,060)</u>	<u>-</u>	<u>100,464,659</u>
Total capital assets being depreciated/ amortized, net	<u>47,872,059</u>	<u>(666,836)</u>	<u>(2,851)</u>	<u>2,451,250</u>	<u>49,653,622</u>
Governmental activities capital assets, net	<u>\$ 93,612,597</u>	<u>\$ 25,112,747</u>	<u>\$ (2,851)</u>	<u>\$ 46,981</u>	<u>\$ 118,769,474</u>
Governmental activities:					
Administration		\$ 269,822			
Public safety		42,317			
Community services		49,268			
Public works		<u>2,704,541</u>			
Total depreciation/amortization expense - governmental activities		<u>\$ 3,065,948</u>			

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, are as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers and Adjustments	Balance June 30, 2025
<b>Business-Type activities</b>					
Capital assets not being depreciated:					
Land	\$ 224,945	\$ -	\$ -	\$ -	\$ 224,945
Intangibles (easements)	13,615,281	1,429,947	-	-	15,045,228
Construction work in progress	19,414,405	2,784,881	-	(664,334)	21,534,952
Total capital assets not being depreciated	<u>33,254,631</u>	<u>4,214,828</u>	<u>-</u>	<u>(664,334)</u>	<u>36,805,125</u>
Capital assets being depreciated/amortization:					
Infrastructure	122,360,663	2,512,983	-	705,480	125,579,126
Buildings and improvements	23,602	-	-	-	23,602
Machinery and equipment	1,588,090	-	-	-	1,588,090
Licensed vehicles	49,608	-	-	-	49,608
Right of Use - IT Subscriptions	458,541	43,945	(179,993)	-	322,493
Total capital assets being depreciated/amortization	<u>124,480,504</u>	<u>2,556,928</u>	<u>(179,993)</u>	<u>705,480</u>	<u>127,562,919</u>
Less accumulated depreciation/amortization:					
Infrastructure	21,231,806	1,562,990	-	(3)	22,794,793
Buildings and improvements	7,193	453	-	-	7,646
Machinery and equipment	1,412,179	34,826	-	-	1,447,005
Licensed vehicles	36,315	4,201	-	-	40,516
Right of Use - IT Subscriptions	276,651	154,174	(187,791)	(216)	242,818
Total accumulated depreciation/amortization	<u>22,964,144</u>	<u>1,756,644</u>	<u>(187,791)</u>	<u>(219)</u>	<u>24,532,778</u>
Total capital assets being depreciated/amortization, net	<u>101,516,360</u>	<u>800,284</u>	<u>7,798</u>	<u>705,699</u>	<u>103,030,141</u>
Business-Type activities capital assets, net	<u>\$ 134,770,991</u>	<u>\$ 5,015,112</u>	<u>\$ 7,798</u>	<u>\$ 41,365</u>	<u>\$ 139,835,266</u>
Business-Type activities:					
Water		\$ 810,459			
Sanitary		209,803			
Storm		355,388			
Broadband		<u>380,994</u>			
Total depreciation/amortization expense - business-type activities		<u>\$ 1,756,644</u>			

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025

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, 2025, are as follows:

	Governmental Activities	Proprietary Activities	Total
Vendor accounts payable	\$ 3,519,793	\$ 1,194,907	\$ 4,714,700
Customer deposits	250,823	73,798	324,621
Clean Water Services fees	-	341,620	341,620
Other current liabilities	541,053	23,226	564,279
Total accounts payable and other current liabilities	<u>\$ 4,311,668</u>	<u>\$ 1,633,551</u>	<u>\$ 5,945,220</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, there are no filing requirements or payments due to the IRS.

	Balance June 30, 2024	Restatement	Balance June 30, 2024	Additions	Retirements	Balances June 30, 2025	Due within one year
<b>Governmental activities</b>							
<b>Other debt</b>							
URA 2021 portion of 2021 Series A	3,975,300		3,975,300	-	-	3,975,300	-
URA 2021, 2021 issue Series B	19,640,000		19,640,000	-	-	19,640,000	-
<b>Total other debt</b>	<b>23,615,300</b>		<b>23,615,300</b>	<b>-</b>	<b>-</b>	<b>23,615,300</b>	<b>-</b>
<b>Total governmental debt</b>	<b>23,615,300</b>	<b>-</b>	<b>23,615,300</b>	<b>-</b>	<b>-</b>	<b>23,615,300</b>	<b>-</b>
<b>Premium on bonds</b>	<b>3,593,599</b>		<b>3,593,599</b>	<b>-</b>	<b>133,096</b>	<b>3,460,503</b>	<b>133,096</b>
<b>Other long-term liabilities</b>							
Capital Leases	62,751	-	62,751	-	20,471	41,654	21,061
Subscriptions	296,046	-	296,046	165,480	234,662	226,864	177,153
Compensated absences	1,034,491	812,104	1,846,595	156,335	169,763	1,833,167	733,266
<b>Total other long-term liabilities</b>	<b>1,393,288</b>	<b>812,104</b>	<b>2,205,392</b>	<b>321,815</b>	<b>424,896</b>	<b>2,101,685</b>	<b>931,480</b>
Governmental Activities	<b>\$ 28,602,543</b>	<b>\$ 812,104</b>	<b>\$ 29,414,647</b>	<b>\$ 321,815</b>	<b>\$ 557,992</b>	<b>\$ 29,177,842</b>	<b>\$ 1,064,576</b>

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, 2025**

**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, 2025, 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
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	250,950	75,222	326,172
2031-2035	1,327,200	305,088	1,632,288
2036-2040	1,485,750	146,556	1,632,306
2041	180,600	4,905	185,505
	<u>\$ 3,975,300</u>	<u>\$ 865,423</u>	<u>\$ 4,840,723</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the outstanding balance on the bonds were \$19,640,000 and the balance of the unamortized premium was \$3,460,502. Future principal and interest payments on the bonds are as follows

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

Year Ending	Principal	Interest	Total
June 30,			
2026	\$ -	\$ 785,600	\$ 785,600
2027	-	785,600	785,600
2028	-	785,600	785,600
2029	-	785,600	785,600
2030	-	785,600	785,600
2031-2035	-	3,928,000	3,928,000
2036-2040	-	3,928,000	3,928,000
2041-2045	7,380,000	3,431,200	10,811,200
2046-2050	10,010,000	1,682,400	11,692,400
2051	2,250,000	90,000	2,340,000
	<u>19,640,000</u>	<u>\$ 16,987,600</u>	<u>\$ 36,627,600</u>
Premium	3,460,502		
	<u>\$ 23,100,502</u>		

Ice Age Drive OTIB loan: In fiscal year 2024-2025, the City entered into an agreement with the State of Oregon to borrow up to \$5 million to finance construction of Ice Age Drive. The term of the agreement is at a rate of 3.64% maturing in March 2056. As of June 30, 2025, the unused portion of the note was \$5 million.

OBDD Loan: In fiscal year 2024-2025, the City entered into an agreement with the State of Oregon for \$12 million to finance construction of Ice Age Drive and Utility Infrastructure Improvements on a reimbursement basis. The term of the agreement is at a rate of 4.22% maturing 29 years after the commencement date. As of June 30, 2025, the unused portion of the note was \$12 million.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-term liabilities (Continued)**

*2. Business-Type Activities*

	Balance June 30, 2024	Restatement	Balance June 30, 2024	Additions	Retirements	Balances June 30, 2025	Due within one year
<b>Business-type activities</b>							
<b>Direct borrowings and placements</b>							
2021 Water Utility FFC	\$ 7,400,000		7,400,000	\$ -	\$ 495,000	\$ 6,905,000	\$ 480,000
2022 Water Obligation	8,905,000		8,905,000	-	355,000	8,550,000	370,000
2017 Water refi	4,705,000		4,705,000	-	681,000	4,024,000	697,000
SBB Portion of 2021 Series A	14,954,700		14,954,700	-	-	14,954,700	-
FY20 SBB Loan	1,399,148		1,399,148	-	124,829	1,274,319	127,962
<b>Total business-type debt</b>	<b>37,363,848</b>		<b>37,363,848</b>	<b>-</b>	<b>1,655,829</b>	<b>35,708,019</b>	<b>1,674,962</b>
<b>Premium on bonds</b>	<b>1,761,422</b>		<b>1,761,422</b>	<b>-</b>	<b>145,575</b>	<b>1,615,847</b>	<b>145,575</b>
<b>Other long-term liabilities</b>							
Subscriptions	196,134	-	196,134	-	126,595	69,539	69,539
Compensated absences	202,088	139,775	341,863	5,541	53,314	294,090	117,636
<b>Total other long-term liabilities</b>	<b>398,222</b>	<b>139,775</b>	<b>537,997</b>	<b>5,541</b>	<b>179,909</b>	<b>363,629</b>	<b>187,175</b>
<b>Business-type activities</b>	<b>\$ 39,523,492</b>	<b>\$ 139,775</b>	<b>\$ 39,663,267</b>	<b>\$ 5,541</b>	<b>\$ 1,981,313</b>	<b>\$ 37,687,495</b>	<b>\$ 2,007,712</b>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the outstanding balance on the bonds were \$6,905,000 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
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	600,000	190,400	790,400
2031-2035	3,395,000	571,000	3,966,000
2036-2040	765,000	30,600	795,600
	6,905,000	\$ 1,774,200	\$ 8,679,200
Premium	1,227,053		
	\$ 8,132,053		

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the balance outstanding on the bonds were \$8,550,000 and the balance of the unamortized premium was \$388,793.

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

2022 Water Obligation			
June 30,	Principal	Interest	Total
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	430,000	253,450	683,450
2031-2035	2,420,000	1,008,750	3,428,750
2036-2040	2,835,000	591,000	3,426,000
2041-2045	1,295,000	78,200	1,373,200
	8,550,000	\$ 3,105,200	\$ 11,655,200
Premium	388,793		
	\$ 8,938,793		

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the outstanding balance on the bonds were \$4,024,000.

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

Year Ending June 30,	Principal	Interest	Total
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	762,000	17,358	779,358
2031-2035	377,000	4,317	381,317
	<u>\$ 4,024,000</u>	<u>\$ 260,007</u>	<u>\$ 4,284,007</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, 2025, 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
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	944,050	282,977	1,227,027
2031-2035	4,992,800	1,147,710	6,140,510
2036-2040	5,589,250	551,333	6,140,583
2041-2045	679,400	18,453	697,853
	<u>\$ 14,954,700</u>	<u>\$ 3,255,643</u>	<u>\$ 18,210,343</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the outstanding balance on the bonds was \$1,274,319.

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

Year Ending June 30,	Principal	Interest	Total
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	141,301	18,646	159,947
2031-2035	601,574	38,217	639,791
	<u>\$ 1,274,319</u>	<u>\$ 165,209</u>	<u>\$ 1,439,528</u>

*3. Interfund Notes*

In 2024, the City issued an interfund note payable between the Community Investment Fund and the Sanitary Fund for \$600,000 to finance capital improvements. The term of the note is ten years at a rate of 5% maturing in March 2034. Annual payments are due on June 30. Interest began accruing when the initial drawdown occurred in March 2025.

In 2024 the City issued an interfund note payable between the Community Investment fund and the Broadband fund for \$2,400,000 to finance the continued buildout of the city fiber infrastructure. The term of the note is ten years at a rate of 5% maturing in March 2034. Annual payments are due on June 30. Interest began accruing when the initial drawdown occurred in March 2025.

In 2025 the City issued an interfund note payable between the Water fund and the 2021 URA Capital fund for \$12,000,000 to finance the construction of the Highway 99W Pedestrian Bridge. The term of the note is ten years at a rate of 5% maturing in May 2034. Annual payments are due on June 30. Interest began accruing when the initial drawdown occurred in March 2025.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**F. Long-term liabilities (Continued)**

*Interfund Notes (continued)*

	<u>Original Amount</u>	<u>Outstanding June 30, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Outstanding June 30, 2025</u>
Water/URA Capital Fund					
Interest at 5%, principal and interest due annually in March, due 2034	\$12,000,000	\$ -	\$12,000,000	\$ -	\$ 12,000,000
Community Investment/Sanitary Fund					
Interest at 5%, principal and interest due annually in March, due 2034	600,000	-	600,000	-	600,000
Community Investment/Broadband Fund					
Interest at 5%, principal and interest due annually in March, due 2034	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>
Total	<u>\$15,000,000</u>	<u>\$ -</u>	<u>\$15,000,000</u>	<u>\$ -</u>	<u>\$ 15,000,000</u>
Current portion					\$ 237,223
Long-term portion					\$ 14,762,777

Future maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 237,223	\$ 466,613	\$ 703,836
2027	249,360	684,476	933,836
2028	262,118	671,718	933,836
2029	1,134,885	648,475	1,783,360
2030	1,817,427	572,737	2,390,164
2031-2035	10,471,722	1,479,096	11,950,818
2036-2040	827,265	9,538	836,803
	<u>\$ 15,000,000</u>	<u>\$ 4,532,653</u>	<u>\$ 19,532,653</u>

**4. 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, 2025, were as follows:

Year ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 21,061	\$ 907	\$ 21,968
2027	16,073	336	16,409
2028	5,146	55	5,201
Total minimum lease payments	<u>\$ 42,280</u>	<u>\$ 1,298</u>	<u>\$ 43,578</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**II. DETAILED NOTES ON ALL FUNDS (Continued)**

**5. 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, 2025, were as follows:

Year ending June 30	Governmental Activities			Business- Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 177,153	\$ 5,338	\$ 182,491	\$ 69,539	\$ 1,567	\$ 71,106
2027	24,426	1,182	25,608	-	-	-
2028	25,285	598	25,883	-	-	-
Total	\$ 226,864	\$ 7,118	\$ 233,982	\$ 69,539	\$ 1,567	\$ 71,106

*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 06/30/2025, the value of the subscription liability is \$73,290. 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 \$157,708 with accumulated amortization of \$75,604 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 07/01/2022, The city entered into a 37-month subscription for the use of Microsoft 365. An initial subscription liability was recorded in the amount of \$301,932. As of 06/30/2025, the value of the subscription liability is \$76,292. 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 06/30/2025 of \$301,828 with accumulated amortization of \$293,671 is reported with capital assets. The city has 1 extension option(s), each for 1 month.

On 07/01/2022, The city entered into a 30-month subscription for the use of Mark43 Records Management System. An initial subscription liability was recorded in the amount of \$45,260. As of 06/30/2025, the value of the subscription liability is \$22,630. The city is required to make annual fixed payments of \$23,088. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2025 of \$90,964 with accumulated amortization of \$68,144 is reported with capital assets.

On 01/25/2023, The city entered into a 24-month subscription for the use of Neogov Insight. An initial subscription liability was recorded in the amount of \$15,303. On 01/25/2025 the subscription renewal option was implemented increasing the liability by \$15,300. As of 06/30/2025, the value of the subscription liability is \$7,542. The city is required to make annual fixed payments of \$7,761. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 06/30/2025 of \$35,600 with accumulated amortization of \$26,971 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, 2025**

**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 24-month subscription for the use of Adobe Volume License. An initial subscription liability was recorded in the amount of \$21,705. As of 06/30/2025, the value of the subscription liability is \$0. The city is required to make annual fixed payments of \$10,978. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2025 of \$21,705 with accumulated amortization of \$21,705 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 12/24/2024, The city entered into a 37-month subscription for the use of Microsoft Business Central. An initial subscription liability was recorded in the amount of \$37,879. As of 06/30/2025, the value of the subscription liability is \$19,213. The city is required to make annual fixed payments of \$19,660. The subscription has an interest rate of 2.30%. The value of the right to use asset includes capitalized implementations costs. As of 06/30/2025 the value of the right to use asset is \$196,325 with accumulated amortization of \$33,410 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 03/31/2025, The city entered into a 15-month subscription for the use of LeaseQuery. An initial subscription liability was recorded in the amount of \$10,560. As of 06/30/2025, the value of the subscription liability is \$0. The city is required to make annual fixed payments of \$0. The subscription has an interest rate of 3.66%. The value of the right to use asset as of 06/30/2025 of \$10,560 with accumulated amortization of \$2,135 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, 2025**

**F. Long-term liabilities (Continued)**

*5. Subscription Liabilities (continued)*

*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 06/30/2025, the value of the subscription liability is \$66,483. 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 06/30/2025 of \$212,348 with accumulated amortization of \$152,811 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 06/30/2025, the value of the subscription liability is \$3,056. 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 06/30/2025 of \$11,772 with accumulated amortization of \$8,064 is reported with capital assets. The city has 1 extension option(s), each for 12 months.

On 11/17/2022, The city entered into a 24-month subscription for the use of Salesforce Sales &Service Cloud. An initial subscription liability was recorded in the amount of \$54,560. In fiscal year 2025 the agreement was renewed for an additional 12 month period. As of 06/30/2025, the value of the subscription liability is \$0. The city is required to make annual fixed payments of \$27,702. The subscription has an interest rate of 3.1440%. The value of the right to use asset as of 06/30/2025 of \$98,493 with accumulated amortization of \$81,943 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, 2025**

**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 and move funds from URA Operations to URA Capital to finance capital projects.

Transfers Out:		Transfers In:				
Fund	General Fund	Street Capital Fund	URA Capital	Other Nonmajor Funds	Total	
1 Grants Fund	\$ 11,493	\$ -	\$ -	\$ -	\$ 11,493	
2 TLT	155,000	-	-	-	155,000	
3 Street Operations Fund	-	750,000	-	-	750,000	
4 Street Capital Fund	-	-	-	555,070	555,070	
5 URA Operations	-	-	457,473	-	457,473	
Total	<u>\$ 166,493</u>	<u>\$ 750,000</u>	<u>\$ 457,473</u>	<u>\$ 555,070</u>	<u>\$ 1,929,036</u>	

Purpose:

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

**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, 2025

#### 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, 2025**

**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, 2025**

**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, 2025

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, 2025 were \$3,189,485, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 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 \$766,468 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, 2025, the City reported a liability of \$19,877,992 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2024, the City's proportion was 0.0894%, which is a decrease from its proportion of 0.0972% measured as of June 30, 2023.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2025**

**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, 2025 the City's recognized pension expense of \$3,600,745. At June 30, 2025, 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	\$ 1,177,587	\$ 47,442
Changes in assumptions	1,998,540	2,560
Net difference between projected and actual earnings on investments	1,262,808	-
Changes in proportionate share	1,191,689	1,036,910
Differences between employer contributions and employer's proportionate share of system contributions	606,382	715,412
Total (prior to post-measurement date contributions)	6,237,006	1,802,324
City contributions subsequent to the measurement date	3,189,485	-
Total	\$ 9,426,491	\$ 1,802,324

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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:	
2026	\$ 341,726
2027	2,365,313
2028	1,132,643
2029	510,766
2030	84,234
	\$ 4,434,682

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**III. OTHER INFORMATION (Continued)**

**B. Pension plan (Continued)**

5. *Actuarial Assumptions*

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study	2022, published July 20, 2024
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	<b>Healthy retirees and beneficiaries:</b> 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. <b>Active members:</b> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> 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 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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	Asset Class/Strategy	Actual Allocation
Debt Securities	20.0 - 30.0 %	25.0 %	Debt Securities	19.1
Public Equity	22.5 - 32.5	27.5	Public Equity	23.0
Real Estate	7.5 - 17.5	12.5	Real Estate	13.2
Private Equity	15.0 - 27.5	20.0	Private Equity	26.9
Real Assets	2.5 - 10.0	7.5	Real Assets	10.1
Diversifying Strategies	2.5 - 10.0	7.5	Diversifying Strategies	5.0
Opportunity Portfolio <sup>1</sup>	0.0 - 5.0	0.0	Opportunity Portfolio <sup>1</sup>	2.7
Total		100.0	Total	100.0

*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, 2025**

**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)	\$ 31,356,725	\$ 19,877,992	\$ 10,263,992

*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, 2025**

**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	\$ -	\$ 307,328	\$ 307,328
Deferred Outflow of Resources:			
Contributions after the measurement date	\$ 8,575	\$ -	\$ 8,575
Difference in experience	44,786	8,677	53,463
Changes in proportionate share	-	656	656
Change in assumptions	9,720	-	9,720
Total Deferred Outflow of Resources	<u>\$ 63,081</u>	<u>\$ 9,333</u>	<u>\$ 72,414</u>
Net OPEB Liability	<u>\$ (693,341)</u>	<u>\$ -</u>	<u>\$ (693,341)</u>
Deferred Inflow of Resources:			
Change in proportionate share	\$ -	\$ (2,895)	\$ (2,895)
Difference in experience	(98,864)	(6,011)	(104,875)
Change in assumptions	(155,485)	(3,887)	(159,372)
Total Deferred Inflow of Resources	<u>\$ (254,349)</u>	<u>\$ (12,793)</u>	<u>\$ (267,142)</u>
OPEB expense (benefit)	<u>\$ 55,790</u>	<u>\$ (47,832)</u>	<u>\$ 7,958</u>

(included in program expenses on Statement of Activities)

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2024. 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, 2026. 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:	
2026	(48,828)
2027	(16,934)
2028	(19,574)
2029	(21,996)
2030	(26,111)
Thereafter	(69,859)
	<u>\$ (203,302)</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, 2024, the following employees were covered by the benefit terms:

Active Employees	145
Eligible Retirees	-
Spouses of Ineligible Retirees	1
Total Participants	<u>146</u>

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the City recognized OPEB expense from this plan of \$55,790. At June 30, 2025, 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	\$ 44,786	\$ (98,864)
Changes in Assumptions	9,720	(155,485)
	54,506	(254,349)
Contributions after measurement date	8,575	-
	\$ 63,081	\$ (254,349)

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:	
2026	\$ (29,108)
2027	(27,498)
2028	(24,269)
2029	(22,998)
2030	(26,111)
Thereafter	(69,859)
	\$ (199,843)



**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**III. OTHER INFORMATION (Continued)**

**C. Postemployment Benefits Other than Pensions (Continued)**

**a. Implicit Rate Subsidy (continued)**

*5. Changes in the Total OPEB Liability*

Balance as of June 30, 2024	\$	796,427
Changes for the year:		
Service cost		54,273
Interest on total OPEB liability		30,625
Effect of economic/demographic gains or losses		(110,921)
Effect of assumption changes or inputs		(53,513)
Benefit payments		(23,550)
		(23,550)
Balance as of June 30, 2025	\$	693,341

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 (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	2.93%	3.93%	4.93%
Total OPEB Liability	\$ 752,944	\$ 693,341	\$ 637,881

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 614,248	\$ 693,341	\$ 785,980

## CITY OF SHERWOOD, OREGON

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued) YEAR ENDED JUNE 30, 2025

#### 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, 2022 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2024. 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, 2025 contributions was \$0.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the City reported an asset of \$307,328 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2025, the City's proportionate share was 0.0761%, which is a decrease from its proportion of 0.0764% as of June 30, 2024.

For the year ended June 30, 2025, the City recognized OPEB benefit from this plan of \$47,832. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (6,011)
Changes in Assumptions	-	(3,887)
Net differences between projected and actual earnings on investments	8,677	-
Changes in proportionate share	656	(2,895)
	9,333	(12,793)
Contributions after measurement date	-	-
	\$ 9,333	\$ (12,793)

CITY OF SHERWOOD, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025

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:	
2026	\$ (19,720)
2027	10,564
2028	4,695
2029	1,001
	<u>\$ (3,460)</u>

5. Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2022 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, 2025**

**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 5.90%	Current Discount 6.90%	1% Increase 7.90%
Discount Rate			
Total OPEB Asset	\$ (284,492)	\$ (307,328)	\$ (326,990)

**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, 2025

#### 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, 2025**

**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, 2025:

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, 2025:

City of Tigard	23.2%
City of Sherwood	15.8
City of Tualatin	16.2
Tualatin Valley Water District	44.8

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2024	\$ 1,235,234	\$ (1,588)		\$ 1,233,646
PY Error corrected in CY	-	2,744	(a)	2,744
Contributions	-	-		-
Income (loss) for the year	(24,504)	261		(24,243)
Investment in joint ventures at June 30, 2025	\$ 1,210,730	\$ 1,417		\$ 1,212,147

(a) PY amount in audited f/s was incorrect

**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, 2025 was \$275,522.

**CITY OF SHERWOOD, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2025**

**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, 2025 financial statements.

The City has no significant outstanding commitments at June 30, 2025 related to construction contracts.

**VI. W. ACCOUNT CHANGES AND ERROR CORRECTIONS**

During the current year, the City implemented GASB Statement No. 101, Compensated Absences. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement - GASB 101 implementation” column in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Governmental Activities	Business-Type Activities
<b>FUND BALANCE - 6/30/2024, as previously presented</b>	\$ 95,219,036	\$ 131,839,601
Adjustment or change in accounting principal - implementation of GASB 101 Compensated Absences	(812,105)	(139,774)
<b>FUND BALANCE - 6/30/2024, as adjusted or restated</b>	\$ 94,406,931	\$ 131,699,827

**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		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$8,559,149	\$ 8,559,149	\$8,347,443	\$ (211,706)
Franchises and fees	2,778,000	2,778,000	2,697,680	(80,320)
Intergovernmental	1,508,140	1,553,140	2,143,502	590,362
Charges for services	3,408,285	3,408,285	2,814,393	(593,892)
Fines and forfeitures	2,185,400	2,185,400	1,213,930	(971,470)
Interest	248,000	248,000	221,605	(26,395)
Miscellaneous	127,250	127,250	145,384	18,134
<b>TOTAL REVENUES</b>	<b>18,814,224</b>	<b>18,859,224</b>	<b>17,583,937</b>	<b>(1,275,287)</b>
<b>EXPENDITURES:</b>				
Administration	3,719,941	3,786,303	3,964,248	(177,945)
Community development	2,517,154	2,517,154	1,861,384	655,770
Public safety	6,851,858	6,982,818	7,043,520	(60,702)
Community services	3,198,656	3,198,656	3,086,549	112,107
Public works	3,949,217	4,054,217	3,520,548	533,669
Debt Service	-	-	255,267	(255,267)
Contingency	940,711	831,161	-	831,161
<b>TOTAL EXPENDITURES</b>	<b>21,177,537</b>	<b>21,370,309</b>	<b>19,731,516</b>	<b>1,638,793</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,363,313)</b>	<b>(2,511,085)</b>	<b>(2,147,579)</b>	<b>363,506</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	416,493	497,903	497,903	-
Transfers out	(105,000)	(105,000)	(105,000)	-
Subscription proceeds	-	-	165,480	(165,480)
Sale of capital assets	-	-	79,618	(79,618)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>311,493</b>	<b>392,903</b>	<b>638,001</b>	<b>245,098</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,051,820)</b>	<b>(2,118,182)</b>	<b>(1,509,578)</b>	<b>608,604</b>
<b>FUND BALANCE - beginning of year</b>	<b>6,111,982</b>	<b>6,182,695</b>	<b>6,677,309</b>	<b>494,614</b>
<b>FUND BALANCE - end of year</b>	<b>\$4,060,162</b>	<b>\$ 4,064,513</b>	<b>5,167,731</b>	<b>\$ 1,103,218</b>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Certain governmental funds report a substantial portion of unrestricted inflows and are reported in the General Fund in a GAAP basis:				
Public Art Fund			21,625	
Economic Development and Promotion Fund			141,229	
Community Investment Fund			1,069,110	
			<u>1,231,964</u>	
			<u>\$6,399,695</u>	

**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		
<b>REVENUES:</b>				
Intergovernmental	\$ 2,092,050	\$ 2,092,050	\$ 2,103,175	\$ 11,125
Charges for services	780,590	780,590	798,627	18,037
Infrastructure development fees	-	-	1,762	1,762
Fines, interest and other	210,000	210,000	226,697	16,697
Miscellaneous	-	-	5,363	5,363
<b>TOTAL REVENUES</b>	<u>3,082,640</u>	<u>3,082,640</u>	<u>3,135,624</u>	<u>52,984</u>
<b>EXPENDITURES:</b>				
Street Operations	2,418,999	2,418,999	2,200,796	218,203
Contingency	154,132	154,132	-	154,132
<b>TOTAL EXPENDITURES</b>	<u>2,573,131</u>	<u>2,573,131</u>	<u>2,200,796</u>	<u>372,335</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>509,509</u>	<u>509,509</u>	<u>934,828</u>	<u>425,319</u>
<b>OTHER FINANCING (USES):</b>				
Transfers out	(750,000)	(750,000)	(750,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(240,491)	(240,491)	184,828	425,319
<b>FUND BALANCE - beginning of year</b>	<u>4,535,150</u>	<u>4,755,278</u>	<u>4,773,404</u>	<u>18,126</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 4,294,659</u>	<u>\$ 4,514,787</u>	<u>\$ 4,958,232</u>	<u>\$ 443,445</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,266,696	\$ 1,716,696	\$ 1,671,715	\$ (44,981)
Intergovernmental	-	-	50,625	50,625
Fines, interest and other	52,000	52,000	59,723	7,723
<b>TOTAL REVENUES</b>	<u>1,318,696</u>	<u>1,768,696</u>	<u>1,782,063</u>	<u>13,367</u>
<b>EXPENDITURES:</b>				
Operations Dept	629,688	629,688	408,701	220,987
Debt Service	871,488	871,488	871,488	-
Contingency	131,870	131,870	-	131,870
<b>TOTAL EXPENDITURES</b>	<u>1,633,046</u>	<u>1,633,046</u>	<u>1,280,189</u>	<u>352,857</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(314,350)</u>	<u>135,650</u>	<u>501,874</u>	<u>366,224</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(457,473)	(457,473)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(457,473)</u>	<u>(457,473)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(314,350)	(321,823)	44,401	366,224
<b>FUND BALANCE - beginning of year</b>	504,513	511,986	466,241	(45,745)
<b>FUND BALANCE, end of year</b>	<u>\$ 190,163</u>	<u>\$ 190,163</u>	<u>\$ 510,642</u>	<u>\$ 320,479</u>

**CITY OF SHERWOOD**

Sherwood, Oregon

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
For the last ten fiscal years**

Year Ended June 30,	(a) City's proportion of the net pension liability	(b) City's proportionate share of the net pension liability	(c) City's covered payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.8943%	\$ 19,877,992	\$12,432,905	159.88%	79.29%
2024	0.0972	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

**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
2025	\$ 3,189,485	\$ 3,189,485	-	\$ 13,617,516	23.42%
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

**CITY OF SHERWOOD**  
Sherwood, Oregon

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2025**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Implicit Rate Subsidy Plan**  
**For the last eight fiscal years <sup>1</sup>**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 54,273	\$ 53,297	\$ 60,156	\$ 58,406	\$ 41,241	\$ 36,691	\$ 40,813	\$ 43,525
Interest	30,625	27,776	17,401	16,156	22,153	21,549	19,173	14,878
Actual experience	-	-	-	-	-	-	37,097	-
Economic/demographic gains or losses	(110,921)							
Changes of assumptions or other inputs	(53,513)	(6,708)	(79,455)	3,145	21,398	20,779	(63,606)	(38,570)
Benefit payments	(23,550)	(18,407)	(6,141)	(3,668)	(4,023)	(10,784)	(5,489)	(1,697)
Net change in OPEB Liability	(103,086)	55,958	(8,039)	74,039	80,769	68,235	27,988	18,136
Total OPEB Liability-beginning	796,427	740,469	748,508	674,469	593,700	525,465	497,476	479,340
Total OPEB Liability-ending	<u>\$ 693,341</u>	<u>\$ 796,427</u>	<u>\$ 740,469</u>	<u>\$ 748,508</u>	<u>\$ 674,469</u>	<u>\$ 593,700</u>	<u>\$ 525,465</u>	<u>\$ 497,476</u>
Covered-employee Payroll	\$12,432,905	\$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-employee payroll	5.6%	7.0%	7.4%	7.8%	7.8%	7.4%	7.0%	6.9%

<sup>1</sup> There are no assets accumulated in a trust that meets the criteria of GASB to pay related benefits for the pension/OPEB Plan

**CITY OF SHERWOOD**

Sherwood, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
Oregon Public Employees Retirement System, Retirement Health Insurance Account  
For the last nine fiscal years <sup>1,2</sup>**

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	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
2025	0.0761%	\$ (307,328)	12,432,905	-2.47%	220.60%
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%

<sup>1</sup> 10-year trend information required by GASB Statement 75 will be presented prospectively

<sup>2</sup> Amounts presented are for the measurement period reported during the fiscal year, which for FY 2025 is July 1, 2023 - June 30, 2024

**CITY OF SHERWOOD**

Sherwood, Oregon

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2025**

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

<u>Year Ended June 30,</u>	<u>(a) Contractually required contribution</u>	<u>(b) Contributions in relation to the contractually required contribution</u>	<u>(a-b) Contribution deficiency (excess)</u>	<u>(c) City's covered payroll</u>	<u>(b/c) Contributions as a percent of covered payroll</u>
2025	\$ -	-	-	\$ 13,617,516	0.00%
2024	55	55	-	12,432,905	0.00
2023	1,506	1,506	-	11,454,611	0.01
2022	1,707	1,707	-	10,017,074	0.02
2021	1,735	1,735	-	9,624,496	0.02
2020	3,037	3,037	-	8,684,553	0.03
2019	34,219	34,219	-	8,048,742	0.43
2018	33,217	33,217	-	7,539,920	0.44
2017	34,723	34,723	-	7,239,308	0.48
2016	32,568	32,568	-	7,318,363	0.45

**CITY OF SHERWOOD**  
Sherwood, Oregon

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2025**

**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 division 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 General Fund – Administration and General Fund – Public safety.

**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, 2023	December 31, 2021	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013
Effective	July 2024 - June 2025	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					
Actuarial valuation method:	Fair Value					
Actuarial assumption:						
Inflation rate	2.40 percent	2.40 percent	2.40 percent	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	3.40 percent	3.40 percent	3.40 percent	3.50 percent	3.50 percent	3.75 percent
Investment rate of return	6.90 percent	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 3.65% to 3.93%.

**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		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 62,150	\$ 62,150	\$ 67,536	\$ 5,386
Infrastructure development fees	1,403,235	1,403,235	2,183,241	780,006
Fines, interest and other	425,000	425,000	514,892	89,892
<b>TOTAL REVENUES</b>	<b>1,890,385</b>	<b>1,890,385</b>	<b>2,765,669</b>	<b>875,284</b>
<b>EXPENDITURES:</b>				
Street Capital Operations	3,793,916	4,168,916	1,867,728	2,301,188
<b>TOTAL EXPENDITURES</b>	<b>3,793,916</b>	<b>4,168,916</b>	<b>1,867,728</b>	<b>2,301,188</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,903,531)</b>	<b>(2,278,531)</b>	<b>897,941</b>	<b>3,176,472</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	750,000	750,000	750,000	-
Transfers out	(635,000)	(635,000)	(555,070)	79,930
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>115,000</b>	<b>115,000</b>	<b>194,930</b>	<b>79,930</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,788,531)</b>	<b>(2,163,531)</b>	<b>1,092,871</b>	<b>3,256,402</b>
<b>FUND BALANCE - beginning of year</b>	<b>9,473,592</b>	<b>11,188,959</b>	<b>11,188,959</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 7,685,061</b>	<b>\$ 9,025,428</b>	<b>\$ 12,281,830</b>	<b>\$ 3,256,402</b>
<b>RECONCILIATION TO COMBINING STATEMENTS</b>				
Unrealized gain (loss) on investments			45,391	
<b>FUND BALANCE - GAAP BASIS</b>			<b>\$ 12,327,221</b>	

**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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 4,000,000	\$ 4,000,000	\$ 4,214,061	\$ 214,061
Fines, interest and other	500,000	500,000	123,372	(376,628)
<b>TOTAL REVENUES</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,337,433</b>	<b>(162,567)</b>
<b>EXPENDITURES:</b>				
Capital Dept	24,103,659	24,490,221	19,289,586	5,200,635
<b>TOTAL EXPENDITURES</b>	<b>24,103,659</b>	<b>24,490,221</b>	<b>19,289,586</b>	<b>5,200,635</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(19,603,659)</b>	<b>(19,990,221)</b>	<b>(14,952,153)</b>	<b>5,038,068</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	457,473	457,473	-
Issuance of debt	12,000,000	12,000,000	12,000,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>12,000,000</b>	<b>12,457,473</b>	<b>12,457,473</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,603,659)</b>	<b>(7,532,748)</b>	<b>(2,494,680)</b>	<b>5,038,068</b>
<b>FUND BALANCE - beginning of year</b>	<b>8,887,064</b>	<b>8,816,153</b>	<b>8,473,822</b>	<b>(342,331)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 1,283,405</b>	<b>\$ 1,283,405</b>	<b>\$ 5,979,142</b>	<b>\$ 4,695,737</b>
<b>RECONCILIATION TO COMBINING STATEMENTS</b>				
<b>CHANGE IN FUND BALANCE - BUDGETARY BASIS</b>				
Issuance of interfund loan			(12,000,000)	
<b>CHANGE IN FUND BALANCE - GAAP BASIS</b>			<b>\$ (14,494,680)</b>	
<b>FUND BALANCE - BUDGETARY BASIS</b>				
Interfund loan from Water fund			(12,000,000)	
<b>FUND BALANCE - GAAP BASIS</b>			<b>\$ (6,020,858)</b>	

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GENERAL FUND COMBINING SCHEDULE**  
**COMBINING BALANCE SHEET**  
**GENERAL FUND**  
**JUNE 30, 2025**

	General Fund	Public Art	Economic Development and Promotion	Community Investment	Totals
<b>ASSETS:</b>					
Cash and investments	\$ 6,350,539	\$ 21,625	\$ 150,431	\$ 1,069,110	\$ 7,591,705
Receivables	1,048,368	-	-	-	1,048,368
Interfund loan receivable	-	-	-	3,000,000	3,000,000
Lease receivable	1,551,778	-	-	-	1,551,778
Prepays	158,288	-	250	-	158,538
<b>TOTAL ASSETS</b>	<b>\$ 9,108,973</b>	<b>\$ 21,625</b>	<b>\$ 150,681</b>	<b>\$ 4,069,110</b>	<b>\$ 13,350,389</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,053,255	\$ -	\$ 3,282	\$ -	\$ 1,056,537
Payroll payable	902,518	-	6,170	-	908,688
Other current liabilities	325,713	-	-	-	325,713
<b>TOTAL LIABILITIES</b>	<b>2,281,486</b>	<b>-</b>	<b>9,452</b>	<b>-</b>	<b>2,290,938</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue, leases	1,551,778	-	-	-	1,551,778
Unavailable revenue, property taxes	107,978	-	-	-	107,978
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,659,756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,659,756</b>
<b>FUND BALANCES:</b>					
Nonspendable in form	158,538	-	-	3,000,000	3,158,538
Restricted for:					
Public Safety	71,270	-	-	-	71,270
Committed to:					
Public Art	-	21,625	-	-	21,625
Economic Development and Promotion	-	-	141,229	-	141,229
Community Investment	-	-	-	1,069,110	1,069,110
School District	32,155	-	-	-	32,155
Assigned to:					
Risk Management	33,287	-	-	-	33,287
Fleet Replacement	84,870	-	-	-	84,870
Subsequent Years Appropriation of Fund Balance	2,051,820	-	-	-	2,051,820
Unassigned	2,735,791	-	-	-	2,735,791
<b>TOTAL FUND BALANCES</b>	<b>5,167,731</b>	<b>21,625</b>	<b>141,229</b>	<b>4,069,110</b>	<b>9,399,695</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 9,108,973</b>	<b>\$ 21,625</b>	<b>\$ 150,681</b>	<b>\$ 4,069,110</b>	<b>\$ 13,350,389</b>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GENERAL FUND COMBINING SCHEDULE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Public Art	Economic Development and Promotion	Community Investment	Eliminating Adjustments	Totals
<b>REVENUES:</b>						
Property Taxes	\$ 8,347,443	\$ -	\$ -	\$ -	\$ -	\$ 8,347,443
Franchises and fees	2,697,680	-	-	-	-	2,697,680
Intergovernmental	2,143,502	-	-	-	-	2,143,502
Charges for services	2,814,393	-	-	-	-	2,814,393
Fines and forfeitures	1,213,930	-	-	-	-	1,213,930
Interest and Other	221,605	2,657	9,338	129,174	-	362,774
Miscellaneous	145,384	-	-	-	-	145,384
<b>TOTAL REVENUES</b>	<b>17,583,937</b>	<b>2,657</b>	<b>9,338</b>	<b>129,174</b>	<b>-</b>	<b>17,725,106</b>
<b>EXPENDITURES:</b>						
Current:						
Administration	3,964,248	-	-	-	-	3,964,248
Community Development	1,855,060	-	167,900	-	-	2,022,960
Public Safety	7,018,598	-	-	-	-	7,018,598
Community Services	3,086,549	-	-	-	-	3,086,549
Public Works	2,925,152	-	-	-	-	2,925,152
Noncurrent						
Capital Outlay	626,642	135,000	-	-	-	761,642
Debt Service - Principal	248,223	-	-	-	-	248,223
Debt Service - Interest	7,044	-	-	-	-	7,044
<b>TOTAL EXPENDITURES</b>	<b>19,731,516</b>	<b>135,000</b>	<b>167,900</b>	<b>-</b>	<b>-</b>	<b>20,034,416</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,147,579)</b>	<b>(132,343)</b>	<b>(158,562)</b>	<b>129,174</b>	<b>-</b>	<b>(2,309,310)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of lease financing	-	-	-	-	-	-
Proceeds from subscription financing	165,480	-	-	-	-	165,480
Proceeds from sale of capital assets	79,618	-	-	-	-	79,618
Transfers in	497,903	35,000	70,000	-	(436,410)	166,493
Transfers out	(105,000)	-	-	(331,410)	436,410	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>638,001</b>	<b>35,000</b>	<b>70,000</b>	<b>(331,410)</b>	<b>-</b>	<b>411,591</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,509,578)</b>	<b>(97,343)</b>	<b>(88,562)</b>	<b>(202,236)</b>	<b>-</b>	<b>(1,897,719)</b>
<b>FUND BALANCE - beginning of year</b>	<b>6,677,309</b>	<b>118,968</b>	<b>229,791</b>	<b>4,271,346</b>	<b>-</b>	<b>11,297,414</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 5,167,731</b>	<b>\$ 21,625</b>	<b>\$ 141,229</b>	<b>\$4,069,110</b>	<b>\$ -</b>	<b>\$ 9,399,695</b>

**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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest and other	\$ 2,000	\$ 2,000	\$ 2,657	\$ 657
<b>TOTAL REVENUES</b>	<u>2,000</u>	<u>2,000</u>	<u>2,657</u>	<u>657</u>
<b>EXPENDITURES:</b>				
Capital outlay	37,000	150,501	135,000	15,501
Contingency	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>37,000</u>	<u>150,501</u>	<u>135,000</u>	<u>15,501</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(35,000)</u>	<u>(148,501)</u>	<u>(132,343)</u>	<u>16,158</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	35,000	85,000	35,000	(50,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>35,000</u>	<u>85,000</u>	<u>35,000</u>	<u>(50,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(63,501)	(97,343)	(33,842)
<b>FUND BALANCE - beginning of year</b>	-	113,501	118,968	5,467
<b>FUND BALANCE - end of year</b>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 21,625</u>	<u>\$ (28,375)</u>

**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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest and other	\$ 5,000	\$ 5,000	\$ 9,338	\$ 4,338
<b>TOTAL REVENUES</b>	<u>5,000</u>	<u>5,000</u>	<u>9,338</u>	<u>4,338</u>
<b>EXPENDITURES:</b>				
Personnel services	99,787	99,787	53,203	46,584
Materials and services	88,400	88,400	114,697	(26,297) *
Contingency	32,196	32,196	-	32,196
<b>TOTAL EXPENDITURES</b>	<u>220,383</u>	<u>220,383</u>	<u>167,900</u>	<u>52,483</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(215,383)</u>	<u>(215,383)</u>	<u>(158,562)</u>	<u>56,821</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	70,000	70,000	70,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(145,383)	(145,383)	(88,562)	56,821
<b>FUND BALANCE - beginning of year</b>	<u>246,957</u>	<u>229,791</u>	<u>229,791</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 101,574</u>	<u>\$ 84,408</u>	<u>\$ 141,229</u>	<u>\$ 56,821</u>

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

**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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Interest and other	\$ 50,000	\$ 95,858	\$ 129,174	\$ 33,316
<b>TOTAL REVENUES</b>	<u>50,000</u>	<u>95,858</u>	<u>129,174</u>	<u>33,316</u>
<b>EXPENDITURES:</b>				
Contingency	1,070,840	1,034,488	-	1,034,488
<b>TOTAL EXPENDITURES</b>	<u>1,070,840</u>	<u>1,034,488</u>	<u>-</u>	<u>1,034,488</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(1,020,840)</u>	<u>(938,630)</u>	<u>129,174</u>	<u>1,067,804</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(250,000)	(331,410)	(331,410)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(250,000)</u>	<u>(331,410)</u>	<u>(331,410)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,270,840)	(1,270,040)	(202,236)	1,067,804
<b>FUND BALANCE - beginning of year</b>	<u>4,270,840</u>	<u>4,271,346</u>	<u>4,271,346</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$3,000,000</u>	<u>\$3,001,306</u>	<u>\$ 4,069,110</u>	<u>\$ 1,067,804</u>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2025**

	Special Revenue Funds		Capital Project Fund	Totals
	Transient	Grant	General	
	Lodging Tax		Construction	
<b>ASSETS:</b>				
Cash and investments	\$ 70,349	\$ 89,551	\$ 3,477,731	\$ 3,637,631
Receivables	16,500	31,944	12,894	61,338
<b>TOTAL ASSETS</b>	<u>\$ 86,849</u>	<u>\$ 121,495</u>	<u>\$ 3,490,625</u>	<u>\$ 3,698,969</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 1,061	\$ 1,061
Payroll payable	-	-	757	757
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,818</u>	<u>1,818</u>
<b>FUND BALANCES:</b>				
Restricted	86,849	121,495	3,537,567	3,745,911
Committed	-	-	638,849	638,849
Unassigned	-	-	(687,609)	(687,609)
<b>TOTAL FUND BALANCES</b>	<u>86,849</u>	<u>121,495</u>	<u>3,488,807</u>	<u>3,697,151</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 86,849</u>	<u>\$ 121,495</u>	<u>\$ 3,490,625</u>	<u>\$ 3,698,969</u>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds		Capital Project Fund	Totals
	Transient Lodging Tax	Grant	General Construction	
<b>REVENUES:</b>				
Franchises and fees	\$ -	\$ -	\$ 16,810	\$ 16,810
Intergovernmental	194,489	124,378	-	318,867
Charges for services	-	-	94,471	94,471
Infrastructure development fees	-	-	954,194	954,194
Interest and Other	4,200	6,659	229,603	240,462
<b>TOTAL REVENUES</b>	<u>198,689</u>	<u>131,037</u>	<u>1,295,078</u>	<u>1,624,804</u>
<b>EXPENDITURES:</b>				
Current				
Public works	-	161,364	179,530	340,894
Noncurrent				
Capital outlay	-	-	2,348,796	2,348,796
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>161,364</u>	<u>2,528,326</u>	<u>2,689,690</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>198,689</u>	<u>(30,327)</u>	<u>(1,233,248)</u>	<u>(1,064,886)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	555,070	555,070
Transfers out	(155,000)	(11,493)	-	(166,493)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(155,000)</u>	<u>(11,493)</u>	<u>555,070</u>	<u>388,577</u>
<b>NET CHANGE IN FUND BALANCE</b>	43,689	(41,820)	(678,178)	(676,309)
<b>FUND BALANCE - beginning of year</b>	<u>43,160</u>	<u>163,315</u>	<u>4,166,985</u>	<u>4,373,460</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 86,849</u>	<u>\$ 121,495</u>	<u>\$ 3,488,807</u>	<u>\$ 3,697,151</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 194,489	\$ 44,489
Interest and other	5,000	5,000	4,200	(800)
<b>TOTAL REVENUES</b>	<u>155,000</u>	<u>155,000</u>	<u>198,689</u>	<u>43,689</u>
<b>EXPENDITURES:</b>				
Contingency	-	41,730	-	41,730
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>41,730</u>	<u>-</u>	<u>41,730</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>155,000</u>	<u>113,270</u>	<u>198,689</u>	<u>85,419</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(155,000)</u>	<u>(155,000)</u>	<u>(155,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(155,000)</u>	<u>(155,000)</u>	<u>(155,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(41,730)	43,689	85,419
<b>FUND BALANCE - beginning of year</b>	<u>-</u>	<u>41,730</u>	<u>43,160</u>	<u>1,430</u>
<b>FUND BALANCE - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,849</u>	<u>\$ 86,849</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 124,378	\$ 24,378
Interest and other	4,500	4,500	6,659	2,159
<b>TOTAL REVENUES</b>	<u>104,500</u>	<u>104,500</u>	<u>131,037</u>	<u>26,537</u>
<b>EXPENDITURES:</b>				
Operations	203,962	203,962	161,364	42,598
Contingency	25,888	25,888	-	25,888
<b>TOTAL EXPENDITURES</b>	<u>229,850</u>	<u>229,850</u>	<u>161,364</u>	<u>68,487</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(125,350)</u>	<u>(125,350)</u>	<u>(30,327)</u>	<u>95,023</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(11,493)</u>	<u>(11,493)</u>	<u>(11,493)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(11,493)</u>	<u>(11,493)</u>	<u>(11,493)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(136,843)	(136,843)	(41,820)	95,023
<b>FUND BALANCE - beginning of year</b>	<u>150,040</u>	<u>162,929</u>	<u>163,315</u>	<u>386</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 13,197</u>	<u>\$ 26,086</u>	<u>\$ 121,495</u>	<u>\$ 95,409</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Franchises and fees	\$ 25,000	\$ 25,000	\$ 16,810	\$ (8,190)
Charges for services	85,000	85,000	94,471	9,471
Infrastructure development fees	752,075	752,075	954,194	202,119
Interest and other	160,000	160,000	229,603	69,603
<b>TOTAL REVENUES</b>	<u>1,022,075</u>	<u>1,022,075</u>	<u>1,295,078</u>	<u>273,003</u>
<b>EXPENDITURES:</b>				
Capital	<u>1,134,597</u>	<u>3,324,728</u>	<u>2,528,326</u>	<u>796,402</u>
<b>TOTAL EXPENDITURES</b>	<u>1,134,597</u>	<u>3,324,728</u>	<u>2,528,326</u>	<u>796,402</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(112,522)</u>	<u>(2,302,653)</u>	<u>(1,233,248)</u>	<u>1,069,406</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>635,000</u>	<u>635,000</u>	<u>555,070</u>	<u>(79,930)</u>
<b>NET CHANGE IN FUND BALANCE</b>	522,478	(1,667,653)	(678,178)	989,475
<b>FUND BALANCE - beginning of year</b>	<u>3,919,796</u>	<u>4,157,185</u>	<u>4,166,985</u>	<u>9,800</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 4,442,274</u>	<u>\$ 2,489,532</u>	<u>\$ 3,488,807</u>	<u>\$ 999,275</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 6,233,500	\$ 6,233,500	\$ 7,191,103	\$ 957,603
Infrastructure development fees	700,486	700,486	1,786,910	1,086,424
Interest and other	1,136,000	1,136,000	1,044,251	(91,749)
<b>TOTAL REVENUES</b>	<b>8,069,986</b>	<b>8,069,986</b>	<b>10,022,264</b>	<b>1,952,278</b>
<b>EXPENDITURES:</b>				
Operations	4,300,424	4,300,424	3,799,099	501,325
Capital	1,475,856	1,475,856	857,426	618,430
Debt Service	2,257,497	2,257,497	2,257,397	100
Contingency	182,975	182,975	-	182,975
<b>TOTAL EXPENDITURES</b>	<b>8,216,752</b>	<b>8,216,752</b>	<b>6,913,922</b>	<b>1,302,830</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(146,766)</b>	<b>(146,766)</b>	<b>3,108,342</b>	<b>3,255,108</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(146,766)</b>	<b>(146,766)</b>	<b>3,108,342</b>	<b>3,255,108</b>
<b>FUND BALANCE - beginning of year</b>	<b>22,733,753</b>	<b>24,071,591</b>	<b>24,071,592</b>	<b>1</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 22,586,987</b>	<b>\$ 23,924,825</b>	<b>27,179,934</b>	<b>\$ 3,255,109</b>
<b>RECONCILIATION TO NET POSITION</b>				
Net pension liability			(754,377)	
OPEB asset			15,422	
OPEB liability			(34,790)	
Deferred outflows-Pension			357,739	
Deferred outflows-OPEB			3,631	
Deferred inflows-Pension			(68,401)	
Deferred inflows-OPEB			(13,406)	
Investment in joint ventures			1,212,147	
Capital assets			63,720,960	
Subscription assets			3,699	
Long-term obligations and related premium			(21,094,847)	
Subscription liability			(3,056)	
Compensated absences			(48,421)	
Accrued interest on long term obligations			(54,244)	
Net position - GAAP basis			<b>\$ 70,421,990</b>	

**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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 797,100	\$ 797,100	\$ 898,241	\$ 101,141
Intergovernmental	77,200	77,200	60,531	(16,669)
Infrastructure development fees	158,203	158,203	398,101	239,898
Interest and other	186,000	186,000	255,247	69,247
<b>TOTAL REVENUES</b>	<u>1,218,503</u>	<u>1,218,503</u>	<u>1,612,120</u>	<u>393,617</u>
<b>EXPENDITURES:</b>				
Operations	801,856	801,856	883,102	(81,246)
Capital	1,928,726	1,928,726	482,925	1,445,801
Contingency	43,315	43,315	-	43,315
<b>TOTAL EXPENDITURES</b>	<u>2,773,897</u>	<u>2,773,897</u>	<u>1,366,027</u>	<u>1,407,870</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,555,394)</u>	<u>(1,555,394)</u>	<u>246,093</u>	<u>1,801,487</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of long-term debt	600,000	600,000	600,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(955,394)	(955,394)	846,093	1,801,487
<b>FUND BALANCE - beginning of year</b>	<u>3,013,467</u>	<u>3,980,846</u>	<u>3,980,846</u>	<u>-</u>
<b>FUND BALANCE - end of year</b>	<u>\$2,058,073</u>	<u>\$3,025,452</u>	<u>4,826,939</u>	<u>\$ 1,801,487</u>
<b>RECONCILIATION TO NET POSITION</b>				
Net pension liability			(360,791)	
OPEB asset			6,940	
OPEB liability			(15,658)	
Deferred outflows-Pension			171,093	
Deferred outflows-OPEB			1,636	
Deferred inflows-Pension			(32,712)	
Deferred inflows-OPEB			(6,033)	
Capital assets			21,343,623	
Compensated absences			(23,551)	
Interfund loan from Community Investment			(600,000)	
Accrued interest on interfund loan			(7,211)	
Net position - GAAP basis			<u>\$ 25,304,275</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 2,452,000	\$ 2,452,000	\$ 2,600,876	\$ 148,876
Intergovernmental	-	-	-	-
Infrastructure development fees	43,818	43,818	891,556	847,738
Interest and other	378,000	378,000	482,207	104,207
<b>TOTAL REVENUES</b>	<u>2,873,818</u>	<u>2,873,818</u>	<u>3,974,639</u>	<u>1,100,821</u>
<b>EXPENDITURES:</b>				
Operations	2,006,310	2,006,310	1,594,148	412,162
Capital	882,934	882,934	330,859	552,075
Contingency	73,700	73,700	-	73,700
<b>TOTAL EXPENDITURES</b>	<u>2,962,944</u>	<u>2,962,944</u>	<u>1,925,007</u>	<u>1,037,937</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(89,126)</u>	<u>(89,126)</u>	<u>2,049,632</u>	<u>2,138,758</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(89,126)</u>	<u>(89,126)</u>	<u>2,049,632</u>	<u>2,138,758</u>
<b>FUND BALANCE</b> - beginning of year	<u>9,509,569</u>	<u>9,405,633</u>	<u>9,405,634</u>	<u>1</u>
<b>FUND BALANCE</b> - end of year	<u><u>\$9,420,443</u></u>	<u><u>\$9,316,507</u></u>	<u>11,455,266</u>	<u><u>\$ 2,138,759</u></u>
<b>RECONCILIATION TO NET POSITION</b>				
Net pension liability			(655,327)	
OPEB asset			12,466	
OPEB liability			(28,125)	
Deferred outflows-Pension			310,768	
Deferred outflows-OPEB			2,938	
Deferred inflows-Pension			(59,417)	
Deferred inflows-OPEB			(10,836)	
Capital assets			40,227,403	
Compensated absences			(55,358)	
Net position - GAAP basis			<u><u>\$ 51,199,779</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, 2025**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,779,600	\$ 1,779,600	\$ 1,737,483	\$ (42,117)
Intergovernmental	-	-	6,576	6,576
Interest and other	77,000	77,000	93,288	16,288
<b>TOTAL REVENUES</b>	<u>1,856,600</u>	<u>1,856,600</u>	<u>1,837,347</u>	<u>(19,253)</u>
<b>EXPENDITURES:</b>				
Operations	4,774,288	4,774,288	3,234,978	1,539,310
Debt service	483,051	483,051	483,050	1
Contingency	185,660	185,660	-	185,660
<b>TOTAL EXPENDITURES</b>	<u>5,442,999</u>	<u>5,442,999</u>	<u>3,718,028</u>	<u>1,724,971</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of long-term debt	2,400,000	2,400,000	2,400,000	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,186,399)</u>	<u>(1,186,399)</u>	<u>519,319</u>	<u>1,705,718</u>
<b>FUND BALANCE - beginning of year</b>	<u>1,191,086</u>	<u>1,191,086</u>	<u>(86,137)</u>	<u>(1,277,223)</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 4,687</u>	<u>\$ 4,687</u>	<u>433,182</u>	<u>\$ 428,495</u>
<b>RECONCILIATION TO NET POSITION</b>				
Net pension liability			(1,226,167)	
OPEB asset			26,831	
OPEB liability			(60,531)	
Deferred outflows-Pension			581,469	
Deferred outflows-OPEB			6,323	
Deferred inflows-Pension			(111,175)	
Deferred inflows-OPEB			(23,322)	
Capital assets, net			14,463,605	
Subscription assets, net			75,976	
Long-term debt obligations			(16,229,019)	
Accrued interest on long term obligations			(94,379)	
Interfund loan from Community Investment			(2,400,000)	
Subscriptions Payable			(66,483)	
Compensated absences			(166,760)	
Net position - GAAP basis			<u>\$ (4,790,450)</u>	

**CITY OF SHERWOOD**  
Sherwood, Oregon

**SCHEDULE OF CITY PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2025**

Tax Year	Uncollected Balances June 30, 2024	2024-25 Levy	Interest, Discounts & Adjustments	Collections	Uncollected Balances June 30, 2025
2024-25	\$ -	\$ 8,645,352	\$ (241,930)	\$ (8,299,013)	\$ 104,409
2023-24	94,279	-	(13,121)	(55,461)	25,697
2022-23	23,291	-	(3,097)	(8,438)	11,756
2021-22	11,213	-	(928)	(5,463)	4,822
2020-21	6,655	-	(422)	(4,903)	1,330
2019-20	2,054	-	(172)	(424)	1,458
2017-18 & Prior Years	4,230	-	(119)	(334)	3,777
Total	<u>\$ 141,722</u>	<u>\$ 8,645,352</u>	<u>\$ (259,789)</u>	<u>\$ (8,374,036)</u>	<u>\$ 153,249</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 8,374,036
Other Collections/Credits	<u>(26,593)</u>
Total per budgetary statement	<u>\$ 8,347,443</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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how financial performance has changed over time.	107-110
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	111-114
<b>Debt Capacity</b> 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.	115-118
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment which the City's financial activities take place.	119
<b>Operating Information</b> 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.	120

**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**

	2025	2024	2023	2022	2021	2020	2019 as restated	2018	2017 as restated	2016 as restated
<b>Governmental activities</b>										
Net investment in capital assets	90,819,281	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
Restricted	16,737,978	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
Unrestricted	(3,957,286)	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)
Total governmental activities net position	<u>\$ 103,599,972</u>	<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>
<b>Business-Type activities</b>										
Net investment in capital assets	102,895,874	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
Restricted	9,410,162	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
Unrestricted	29,829,558	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
Total business-type activities net position	<u>\$ 142,135,594</u>	<u>\$ 131,839,601</u>	<u>124,435,789</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>
<b>Government-wide activities</b>										
Net investment in capital assets	193,715,155	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
Restricted	26,148,140	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
Unrestricted	25,872,272	26,847,703	22,550,028	17,976,168	12,421,702	11,002,461	11,623,170	9,671,835	7,165,999	7,458,697
Total Government-wide activities net position	<u>\$ 245,735,566</u>	<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>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Expenses</b>										
<b>Governmental activities:</b>										
Administration	\$ 4,592,984	\$ 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
Community Development	1,919,999	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
Public Safety	7,094,479	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
Community Services	2,938,081	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
Public Works	8,300,857	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
Interest on long-term obligations	818,534	746,295	905,940	867,469	214,914	369,991	489,255	563,404	655,929	743,533
Total governmental activities	<u>25,664,935</u>	<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>
<b>Business-Type activities:</b>										
Water	5,080,863	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
Sewer	1,076,109	1,125,934	999,543	861,068	908,360	765,629	855,669	674,672	734,672	918,172
Storm	1,998,165	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
Broadband	2,806,410	2,343,816	2,703,586	3,832,738	1,517,041	1,602,189	571,743	465,760	351,311	236,319
Total business-type activities	<u>10,961,547</u>	<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>
<b>Total Expenses</b>	<u>\$ 36,626,481</u>	<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>
<b>Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
Administration	\$ 81,539	\$ 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
Community Development	1,695,166	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
Public Safety	1,228,537	1,802,694	1,164,136	53,789	7,754	70,944	82,041	69,977	10,519	10,062
Community Services	682,539	613,778	457,963	532,774	267,460	490,469	608,822	521,993	442,121	355,560
Public Works	1,301,176	1,035,887	965,707	2,823,926	827,520	748,036	740,061	702,265	747,527	687,514
Operating grants and contributions	8,830,230	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
Capital grants and contributions	6,498,252	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
General revenues and transfers	14,540,537	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
Total governmental activities	<u>34,857,976</u>	<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>
<b>Business-Type activities:</b>										
<b>Charges for services</b>										
Water	7,191,103	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
Sewer	898,241	776,807	860,879	814,211	785,373	727,464	724,723	680,741	677,284	618,813
Storm	2,600,876	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
Broadband	1,737,483	1,157,532	970,005	932,436	769,744	912,052	473,660	447,672	445,468	523,819
Operating grants and contributions	67,107	1,398,075	1,157,723	980,739	484,901	453,910	17,014	2,678	1,129	-
Capital grants and contributions	7,019,498	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
General revenues, special items, transfers	1,883,006	1,933,136	520,983	(192,135)	224,488	563,131	590,061	352,696	(313,665)	182,774
Total business-type activities	<u>21,397,314</u>	<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>
<b>Total Revenues</b>	<u>\$ 56,255,290</u>	<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>
<b>Change in Net Position</b>										
Governmental Activities	\$ 9,193,041	\$ 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)
Business-Type Activities	10,435,767	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
Total Net (Expense)/Revenue	<u>\$ 19,628,808</u>	<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>

**CITY OF SHERWOOD**  
Sherwood, Oregon

**GOVERNMENTAL FUND BALANCE**  
**LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>General Fund:</b>										
Nonspendable	\$ 3,158,538	\$ 134,109	\$ 106,164	\$ 87,108	\$ 109,604	\$ 64,756	\$ 281,498	\$ 83,732	\$ 6,201	\$ -
Restricted	71,270	-	-	-	-	-	-	-	4,274	-
Committed	1,264,119	4,651,380	49,216	50,095	44,170	44,170	26,306	17,579	12,685	5,107
Assigned	2,169,977	2,169,043	6,434,502	2,615,867	107,409	103,924	115,185	99,505	84,870	84,870
Unassigned	2,735,791	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
<b>Total General Fund</b>	<b>\$ 9,399,695</b>	<b>\$ 11,297,414</b>	<b>\$ 10,551,168</b>	<b>\$ 7,432,061</b>	<b>\$ 7,173,050</b>	<b>\$ 5,325,013</b>	<b>\$ 5,552,559</b>	<b>\$ 4,478,428</b>	<b>\$ 2,837,235</b>	<b>\$ 3,082,999</b>
<b>Street Capital*:</b>										
Restricted	\$ 7,791,628	\$ 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
Committed	1,102,029	1,395,338	712,384	256,325	215,309	18,646	61,365	103,844	-	-
Assigned	3,433,564	2,524,133	2,088,208	1,158,422	1,039,512	177,442	45,014	22,191	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Street Capital</b>	<b>\$ 12,327,221</b>	<b>\$ 11,188,959</b>	<b>\$ 8,824,201</b>	<b>\$ 6,821,650</b>	<b>\$ 5,427,968</b>	<b>\$ 6,149,317</b>	<b>\$ 5,087,978</b>	<b>\$ 4,643,557</b>	<b>\$ 2,965,206</b>	<b>\$ 2,666,521</b>
<b>Street Operations**:</b>										
Nonspendable	\$ 3,462	\$ 2,000	\$ -	\$ 5,330	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -
Restricted	4,954,770	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
<b>Total Street Operations</b>	<b>\$ 4,958,232</b>	<b>\$ 4,773,404</b>	<b>\$ 4,518,809</b>	<b>\$ 3,760,020</b>	<b>\$ 2,586,771</b>	<b>\$ 2,805,943</b>	<b>\$ 2,518,669</b>	<b>\$ 2,083,695</b>	<b>\$ 2,294,362</b>	<b>\$ 2,166,298</b>
<b>Urban Renewal Operations:</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119	\$ -	\$ -	\$ -
Restricted	-	-	-	3,549,338	1,127,198	700,918	3,063,003	2,135,138	1,792,891	1,384,041
<b>Total Urban Renewal Ops</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,549,338</b>	<b>\$ 1,127,198</b>	<b>\$ 700,918</b>	<b>\$ 3,063,122</b>	<b>\$ 2,135,138</b>	<b>\$ 1,792,891</b>	<b>\$ 1,384,041</b>
<b>2021 Urban Renewal Operations:</b>										
Nonspendable	\$ -	\$ -	\$ 502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	510,642	466,241	522,037	860,017	-	-	-	-	-	-
<b>Total Urban Renewal Ops</b>	<b>\$ 510,642</b>	<b>\$ 466,241</b>	<b>\$ 522,539</b>	<b>\$ 860,017</b>	<b>\$ -</b>					
<b>2021 Urban Renewal Capital:</b>										
Nonspendable	\$ 124,929	\$ 1,317,742	\$ 2,060,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	7,156,080	15,245,942	24,962,807	-	-	-	-	-	-
Unassigned	(6,145,787)	-	-	-	-	-	-	-	-	-
<b>Total Urban Renewal</b>	<b>\$ (6,020,858)</b>	<b>\$ 8,473,822</b>	<b>\$ 17,306,672</b>	<b>\$ 24,962,807</b>	<b>\$ -</b>					
<b>Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 5,330	\$ -	\$ 61	\$ -	\$ -	\$ -	\$ -
Restricted	3,745,911	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
Committed	638,849	410,850	410,850	10,304,457	257,156	165,516	212,906	125,439	98,470	118,983
Assigned	-	2,038,111	219,902	9,402,360	377,326	191,888	-	10,606	-	-
Unassigned	(687,609)	-	-	-	-	-	(48,450)	-	-	(39,503)
<b>Total Other Governmental Funds</b>	<b>\$ 3,697,151</b>	<b>\$ 4,373,460</b>	<b>\$ 7,370,300</b>	<b>\$ 24,860,696</b>	<b>\$ 4,553,198</b>	<b>\$ 4,518,722</b>	<b>\$ 3,970,001</b>	<b>\$ 3,430,806</b>	<b>\$ 3,247,961</b>	<b>\$ 3,657,069</b>

\*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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Revenues:</b>										
Property Taxes	\$ 10,019,158	\$ 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
Franchises and fees	2,714,490	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
Intergovernmental	8,830,230	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
Charges for services	3,775,027	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
Infrastructure development fees	3,139,197	3,372,990	2,898,028	3,155,778	948,583	2,093,142	861,646	1,022,081	765,993	1,426,131
Fines and forfeitures	1,213,930	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
Interest on investments	1,573,311	1,960,742	1,215,216	(25,310)	154,065	402,630	425,220	219,655	129,535	75,823
Miscellaneous	150,747	165,173	104,777	71,373	46,850	70,259	101,679	86,601	45,384	269,342
<b>Total Revenues</b>	<b>31,416,090</b>	<b>27,078,368</b>	<b>30,291,864</b>	<b>26,032,085</b>	<b>24,244,421</b>	<b>23,156,847</b>	<b>22,669,659</b>	<b>20,493,822</b>	<b>18,965,267</b>	<b>17,774,434</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Administration	8,453,143	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
Community Development	2,022,960	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
Public Safety	7,018,598	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
Community Services	3,086,549	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
Public Works	5,750,279	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
Capital outlay	19,904,121	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
Debt service - principal	248,223	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
Debt service - interest	878,532	879,391	1,116,740	964,256	272,739	507,244	553,584	626,384	724,168	812,523
<b>Total Expenditures</b>	<b>47,362,405</b>	<b>31,108,283</b>	<b>35,347,921</b>	<b>22,592,329</b>	<b>22,667,984</b>	<b>24,148,051</b>	<b>19,717,702</b>	<b>18,791,361</b>	<b>18,917,397</b>	<b>16,829,919</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(15,946,315)</b>	<b>(4,029,915)</b>	<b>(5,056,057)</b>	<b>3,439,755</b>	<b>1,576,437</b>	<b>(991,204)</b>	<b>2,951,957</b>	<b>1,702,461</b>	<b>47,870</b>	<b>944,515</b>
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	-	-	-	23,615,300	-	-	-	-	-	-
Debt premium	-	-	-	3,992,887	-	-	-	-	-	-
Issuance of subscription financing	165,480	-	195,601	-	-	-	-	-	-	-
Issuance of lease financing	-	28,335	54,750	-	-	-	19,012	14,979	-	-
Proceeds from sale of capital assets	79,618	-	40,505	10,725	10,946	11,575	14,762	2,124,196	4,793	11,791
Transfers in	1,929,036	1,662,525	1,548,111	830,439	2,332,686	856,827	103,916	1,087,535	102,757	315,074
Transfers out	(1,929,036)	(1,662,525)	(1,548,111)	(830,439)	(2,332,686)	(856,827)	(103,916)	(1,087,535)	(102,757)	(249,064)
<b>Total Other Financing Sources (Uses)</b>	<b>245,098</b>	<b>28,335</b>	<b>290,856</b>	<b>27,618,912</b>	<b>10,946</b>	<b>11,575</b>	<b>33,774</b>	<b>2,139,175</b>	<b>4,793</b>	<b>77,801</b>
<b>Net change in fund balances</b>	<b>\$ (15,701,217)</b>	<b>\$ (4,001,580)</b>	<b>\$ (4,765,201)</b>	<b>\$31,058,667</b>	<b>\$ 1,587,383</b>	<b>\$ (979,629)</b>	<b>\$ 2,985,731</b>	<b>\$ 3,841,636</b>	<b>\$ 52,663</b>	<b>\$ 1,022,316</b>
<b>Ratio of debt service to non-capital expenditures</b>	<b>4%</b>	<b>5%</b>	<b>25%</b>	<b>9%</b>	<b>13%</b>	<b>26%</b>	<b>18%</b>	<b>19%</b>	<b>23%</b>	<b>18%</b>

**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, e, d)
	Real Property	Personal Property, Manufactured Homes and Utility	Total Assessed Value					
2025	\$2,561,858,210	\$ 187,020,167	\$2,748,878,377	\$5,670,360,066	\$ 3.133	48.5 %	\$272,863	\$ 138,483,047
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	249,560	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	157,578	220,064,100
2017	1,741,614,730	99,470,069	1,841,084,799	2,776,562,739	3.416	66.3	143,492	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)

(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	
2025	\$ 3.1327	\$ -	\$3.1327	\$ 5.6931	\$ 0.5764	\$ 6.2695	\$ 6.4869	\$ 3.7434	\$ 10.2303	\$19.6325
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

(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	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Wilshire Sherwood Owner LLC	\$47,421,520	1	1.7%			
Portland General Electric	46,782,890	2	1.7%	\$23,280,000	1	1.6%
Rhino Holdings Sherwood, LLC	26,161,040	3	1.0%			
WalMart Stores, Inc	26,723,741	4	1.0%			
Mountain High Apartment LLC & TSL Sherwood, LLC	22,785,400	5	0.8%			
Big Sunfield Lakes OR, LLE	21,789,500	6	0.8%	16,213,470	4	1.1%
Target Corporation	21,000,522	7	0.8%	16,242,715	3	1.1%
Northwest Natural Gas Co	19,338,980	8	0.7%			
Lipt SW Cedard Brook Way LLC	18,248,270	9	0.7%			
Sherwood Commerce Center LLC	12,227,350	10	0.4%			
MGP X Properties LLC	N/A			19,256,520	2	1.3%
Creekview Crossing SPE LLC	N/A			13,578,460	5	0.9%
Allied Systems Company	N/A			11,319,760	6	0.8%
Juniper Ridge Investments	N/A			10,904,570	7	0.7%
Home Depot USA, Inc.	N/A			10,055,308	8	0.7%
FPWL Sherwood LLC	N/A			9,633,730	9	0.6%
Comcast Corp	N/A			9,546,700	10	0.6%
	<u>\$262,479,213</u>		<u>9.6%</u>	<u>\$140,031,233</u>		<u>9.40%</u>

Source: Washington County Assessor's records

**CITY OF SHERWOOD**  
Sherwood, Oregon

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Taxes</u> <u>Levied</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percent of</u> <u>Current Taxes</u> <u>Collected</u>	<u>Adjustments/</u> <u>Discounts/Interest</u>	<u>Total</u> <u>Tax</u> <u>Collections</u>	<u>Outstanding</u> <u>Delinquent</u> <u>Taxes</u>	<u>Ratio of</u> <u>Total Tax</u> <u>Collections to</u> <u>Total Tax Levy</u>
<b>City of Sherwood:</b>							
2025	\$ 8,645,352	\$ 8,299,013	96.0%	\$ 241,930	\$8,374,036	\$ 153,249	96.9%
2024	8,257,469	7,927,280	96.0%	249,646	7,983,435	122,612	96.7%
2023	7,643,264	7,326,101	95.9%	248,705	7,311,245	83,314	95.7%
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%
<b>Sherwood Urban Renewal Agency:</b>							
2025	\$ -	\$ -		\$ -	\$ -	\$ -	
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	-	99.0%
2021	2,915,106	2,794,932	95.9%	92,178	2,905,871	-	99.7%
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%
<b>Sherwood 2021 Urban Renewal Agency:</b>							
2025	\$ 1,727,252	\$ 1,658,613	96.0%	\$ 41,848	\$ 1,666,841	\$ 60,324	96.5%
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
2025	\$ -	\$ 871,488	\$ 871,488	\$ -	\$ -	\$ -	\$ 871,488	\$ 47,362,405	1.8%	1.8%
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%

( 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)	Leases and SBITAs	Total Obligation	Percentage of Personal Income (3)	Per Capita
2025	\$ 27,075,802	\$ -	\$ 27,075,802	\$ -	\$ 37,323,866	\$ 271,929	\$64,671,597	8.33%	\$ 3,112
2024	27,208,901	-	27,208,901	-	39,125,270	497,000	\$66,831,171	8.91%	3,203
2023	27,341,995	-	27,341,995	-	40,878,617	896,018	\$69,116,630	9.98%	3,418
2022	24,375,300	77,282	24,298,018	3,626,670	40,598,226	103,525	\$68,626,439	9.50%	3,348
2021	1,165,000	78,688	1,086,312	4,001,956	17,347,574	-	\$22,435,842	3.11%	1,128
2020	265,000	75,664	189,336	7,272,978	20,172,380	-	\$27,634,694	3.99%	1,410
2019	520,000	67,655	452,345	12,538,134	19,423,498	-	\$32,413,977	4.82%	1,662
2018	765,000	38,176	726,824	14,850,069	20,212,000	-	\$35,788,893	5.80%	1,848
2017	1,005,000	28,563	976,437	17,099,574	21,349,000	-	\$39,425,011	7.02%	2,037
2016	1,835,000	(33,640)	1,868,640	19,414,021	22,078,570	-	\$43,361,231	8.25%	2,265

(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, 2025**

Jurisdiction	Net Direct Debt Outstanding	Percentage Applicable To City of Sherwood*	Amount Applicable to City of Sherwood
Overlapping debt			
Metro	\$ 904,080,000	1.1787 %	\$ 10,656,391
Northwest Regional ESD	12,395,000	2.6241	325,257
Port of Portland	-	1.0700	-
Portland Community College	569,075,000	1.4879	8,467,267
Tualatin Valley Fire and Rescue District	42,025,000	3.5936	1,510,210
Washington County	112,639,172	3.3303	3,751,222
School District 88J	267,176,543	56.6490	151,352,840
Subtotal, overlapping debt			176,063,187
City of Sherwood direct debt			27,075,802
Total direct and overlapping debt			<u>\$ 203,138,989</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

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>Taxable Assessed Value as a Percentage of Estimated Actual Value</u>	<u>Estimated RMV</u>
2025	\$ 2,748,878,377	48%	\$5,670,360,066
Debt limitations (3% of total real market value)			\$ 170,110,802
Outstanding Governmental Activities-General Obligation Debt			<u>27,075,802</u>
Net debt margin			\$ 143,035,000
Percentage of net debt margin available			<u>84.08%</u>
Percentage of net debt power exhausted			<u>15.92%</u>

Last Ten Fiscal Years

<u>Year</u>	<u>Debt Limit</u>	<u>Outstanding debt applicable to limitation June 30</u>	<u>Net Debt Margin</u>	<u>Percentage of Net Debt Margin Available</u>
2025	\$ 170,110,802	\$ 27,075,802	\$ 143,035,000	84.08%
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

**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)
2025	20,781	2025	3.4%	36.1	2.9	\$65,578	\$61,975
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

(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

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

Employer	2025			2016		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Wal-Mart Stores, Inc.	276	1	5%	240	3	5%
Allied Systems Company	250	2	4%	258	2	6%
Lam Research Corporation	200	3	3%			
Target Store T1868	193	4	3%	133	4	3%
Northwest Natural Gas Company	185	5	3%			
Treske Precision Machining	150	6	3%	104	8	2%
Sundt Construction, Inc.	150	7	3%			
Safeway #1800	149	8	3%			
PNW Flatwork, Inc	140	9	2%			
Showplace Landscape Services	135	10	2%	85	10	2%
Sherwood School District				551	1	12%
Home Depot #4015				125	5	3%
Kohl's #1501				112	6	3%
City of Sherwood				112	7	3%
Fettig Commercial Constructions, Inc.				95	9	2%

Sources:

2025 Business License Database

FY2016 Annual Comprehensive Financial Report

**CITY OF SHERWOOD**  
Sherwood, Oregon

**MISCELLANEOUS STATISTICS**  
**2016 through 2025**

Date of incorporation	1893									
Form of government	Council/Manager									
	<u>2025</u>	<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>
Number of employees	163	161	150	142	141	140	130	114	114	112
Area in square miles	4.9	4.9	4.9	4.9	4.9	4.8	4.6	4.6	4.5	4.5
Miles of street	64	64	63	62	60	58	58	58	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	67	64	64	64	64	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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 12, 2026. 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:
  - \$177,945 for administration in the General Fund;
  - \$60,702 for public safety in the General Fund;
  - \$255,267 for debt service in the General Fund; and
  - \$81,246 for operations in the Sewer Fund.

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# INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

## 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control and have communicated them in a separate letter to management dated January 12, 2026 that we consider to be significant deficiencies.

### Purpose Of This Report

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

*Talbot, Kotwala & Warwick, LLP*  
Portland, Oregon  
January 12, 2026

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## Overview of Financial Policies

### Purpose

In order to carry out the mission of the City of Sherwood and support the City's values, this set of financial policies has been created by the City of Sherwood.

The purpose of these financial policies is to guide in assessing the long-term financial and budget implications of current decisions and to provide a cohesive long-term approach to financial management of the City of Sherwood. These policies establish a means for guiding today's financial decisions in order to achieve the mission of the City of Sherwood in a manner that reflects the City's values.

### Goal

The goal of these policies is to provide the financial stability needed to navigate through economic changes, adjust to changes in the service requirements of the community and respond to other changes as they affect the City's residents.

### Responsibilities

1. **Stewardship:** The City of Sherwood is a steward of public funds. These funds are entrusted to the City through the payment of taxes, fees, and fund transfers from other governments. The City of Sherwood is responsible for using all funds efficiently and effectively and for the purposes for which they were intended.
2. **Asset Protection:** The assets of the City of Sherwood exist in a variety of forms. All these assets must be protected through an effective accounting and internal control System. The System must track assets and document the costs of acquisition, maintenance, and replacement.
3. **Legal Conformance:** The City of Sherwood is subject to federal, state, and local statutes and rules regarding purchasing, entering into debt, budgeting, accounting, and auditing: regulations that govern virtually all financial transactions. The City also voluntarily enters into contracts which include significant financial and operational covenants. The City of Sherwood is responsible for conforming to laws, rules, and covenants to which it is subject.
4. **Standards:** The Government Finance Officers Association (GFOA) and the Governmental Accounting Standards Board (GASB) set policies and guidelines for public sector accounting and financial reporting. The City of Sherwood is responsible for adhering to the requirements of these organizations and for seeking guidance from policies, standards and best practices set forth by these organizations.
5. **Authority:** The Sherwood City Council is the sole authority for deleting, modifying, or adding to these policies. Every two years, the Council shall engage the Budget Committee to review and update these policies.

**Policy 1 - Funds**

1. The City of Sherwood will maintain an orderly and logical fund structure that provides stakeholders with ready access to financial information.
2. The City of Sherwood will conform to Generally Accepted Accounting Principles (GAAP) and the Government Finance Officers Association's best practices for establishing and maintaining funds.
3. The City of Sherwood will establish and maintain those funds required by law and sound financial administration. Acknowledging that unnecessary funds result in inflexibility, complexity, and inefficient financial administration, only the minimum number of funds consistent with legal and operating requirements will be established.
4. The criteria for establishing a new fund are variable, but include triggers such as:
  - a. Inauguration of a new dedicated revenue stream and a concurrent service
  - b. The need for increased clarity of financial information
  - c. The establishment of a new enterprise
  - d. Covenants embodied in financing agreements and
  - e. Changes in state law or financial management/accounting standards
5. Only the Sherwood City Council has the authority to create or delete funds. The Council shall create or delete funds by resolution.

**Policy 2 - Budgeting**

1. The City of Sherwood budget process shall consist of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.
2. The purpose of the budget process is to help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.
3. The City of Sherwood budget process shall:
  - a. Incorporate a long-term perspective (minimum five fiscal years)
  - b. Establish linkages to broad organizational goals
  - c. Focus budget decisions on results and outcomes
  - d. Involve and promote effective communication with stakeholders
4. All budgetary procedures will conform to existing state and local regulations. Oregon budget law requires each local government to prepare a balanced budget and Oregon Administrative Rules state:
  - a. The budget must be constructed in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund, and
  - b. The total of all resources of the municipality must equal the total of all expenditures and all requirements for the municipality.
5. A cost allocation plan will be developed and incorporated into the City of Sherwood budget. The cost allocation plan will be the basis for distribution of general government and internal service costs to other funds, divisions, and capital projects.
6. The Sherwood City Council shall adopt the budget at the fund, division, or program level (as appropriate to each fund) as a total dollar amount for all appropriations except contingency, unappropriated ending fund balance and reserves, which shall be stated separately.
7. Inter-fund Transfers shall be kept to a minimum. Inter-fund loans shall be documented in a resolution that cites the terms of the loan.
8. As part of the biennial budget process, the City of Sherwood will maintain a five-year revenue and expenditure forecast. This forecast will be created using an objective, analytical process incorporating applicable projections from the State of Oregon's latest Economic Forecast and conservative assumptions where State developed data is not available. Revenues will be estimated realistically and prudently using best practices as defined by the Government Finance Officers Association. Revenues shall be forecasted conservatively.

**Policy 2 – Budgeting (Continued)**

9. Oregon budget law provides a means to adjust the budget for emergency expenditures or unforeseen circumstances. All resolutions adjusting the budget will be prepared by the Finance department for City Council approval to ensure compliance with budget laws.
10. Prior to submittal to City Council, the Budget Officer will convene the Budget Committee to review supplemental budget resolutions. If time does not allow for this action, Budget Committee members shall be informed of the City Council's action on the resolution promptly.
11. A mid-year review process will be conducted by the City Manager and Finance Director in order to make any necessary adjustments to the Adopted budget.
12. In the City's effort to strive for excellence, the City of Sherwood will make every effort to obtain the Award for Distinguished Budget Presentation from the Government Finance Officers Association (GFOA).
13. Reports comparing actual to budgeted expenditures will be prepared quarterly by the Finance Department and distributed to the City Council, City Manager and Department Directors.

**Policy 3 - Revenue**

1. City of Sherwood revenues are either unrestricted or dedicated. Unrestricted revenues can be used for any purpose. Dedicated revenues are restricted in the ways they can be used by federal or state regulations, contractual obligations, or by City Council action. The City of Sherwood will adhere to the restrictions applied to dedicated revenues.
2. The City of Sherwood will maintain a diversified revenue stream that is managed strategically to mitigate the impact of short-term fluctuations in any revenue source.
3. The City of Sherwood will identify sustainable revenue levels and, to the extent possible, current operations will be funded by current sustainable revenues.
4. One-time revenues will be used for one-time expenditures or as contributions to reserves and will not be used to pay for established services.
5. The City of Sherwood will not respond to long-term revenue shortfalls with deficit financing and borrowing to support established services. Expenses will be reduced and/or revenues will be increased to conform to the long-term revenue forecasts.
6. During the budget process, the Sherwood City Council will identify those programs which are to be supported in whole or in part by cost recovery and ensure that revenue collections reflect the cost of providing associated services by adjusting fees accordingly.
7. The City of Sherwood will charge fees for services where such an approach is permissible, and where a limited and specific group of beneficiaries who can pay such charges is identifiable.
8. New or expanded unrestricted revenue streams should first be applied to support existing programs. When existing programs are adequately funded, such revenue may be used as contributions to reserves or to fund new or expanded programs.

**Policy 4 - Expenditures****Controls**

1. By resolutions, the City Council will establish a purchasing policy that conforms to state statutory requirements for purchasing and contracting and invests the City Manager with purchasing and contracting authority.
2. By Budget and Supplemental Budget Resolutions, the City Council shall establish and limit expenditure appropriations by statutory categories. The City Manager shall be responsible for limiting expenditures to those appropriation levels.

**Specific Expenditures**

1. **Personal Services.** Pursuant to the City Charter, the City Manager or designee is responsible for the management of employee staffing and compensation. The City Manager or designee shall negotiate salaries and benefits for represented employee groups in conformance with the Oregon Public Employees Collective Bargaining Act and the Employee Relations Board decisions and arbitration decisions that emanate from the Act.
2. **Capital Improvement Impacts.** Whenever Capital Improvement expenditures will result in increases to future operating expenses or asset replacement contributions, estimates of those impacts shall be incorporated into the long-term financial plan.
3. **Capital Outlay.** By resolution, the City Council shall define the characteristics of a capital asset by specifying the minimum purchase price and minimum term of service. The City will provide for adequate maintenance of Capital Assets.
4. **Capital Improvement Plan.** The City Manager or designee will prepare a five-year Capital Improvement Plan (CIP) annually and submit it to the City Council for approval via resolution.

## Policy 5 - Revenue Constraints and Fund Balance

### Nature of Constraints

The City of Sherwood will maintain the following categories of revenue constraints in conformance with GASB 54. Fund Balances shall be accounted for on the basis of these categories.

1. **Non-spendable.** Assets that are not in a spendable form or are required to be maintained intact.
2. **Restricted.** Cash that can be spent only for specific purposes stipulated by third parties or by statutes. Only the constraining party can lift constraints on Restricted funds.
3. **Committed.** Cash that can be used only as directed by formal action of City Council. Council action may be in the form of a motion or resolution. Only the City Council can lift constraints on committed funds. Such a change must be made using the same action that established the constraint.
4. **Assigned.** Cash the City intends to use for specific purposes. The City Council delegates the authority to create this constraint to the City Manager. In addition, for all funds except the general fund, all cash not in one of the Non-spendable, Restricted, or Committed categories, or specifically assigned under this category will, by default, be assigned to this category.
5. **Unassigned.** General Fund cash that is not otherwise categorized fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

### Other Considerations

1. **Stabilization.** The purpose of stabilization arrangements is to provide a revenue source to maintain service delivery during periods of diminished revenues. The City may choose to create stabilization arrangements either by creating new funds or dedicating revenues within existing funds. Stabilization arrangements will be created by the City Council and the authorizing legislation shall include the policies on funding and accessing the arrangement.
2. **Order of Use.** If multiple categories of fund balance are applicable to an expenditure, the City shall access funds in the following order: Restricted, Committed, Assigned, Unassigned.
3. **Purpose of Special Revenue Funds.** Special Revenue funds are general government funds created to track the use of dedicated revenues. The City legislation creating a special revenue fund will specify which specific revenues and other resources are authorized to be reported in the fund.
4. **Fund Balance.** Unrestricted fund balance is the sum of Committed, Assigned and Unassigned fund balance in any individual fund. In the General Fund, the City will maintain an Unrestricted fund balance of at least 20% of fund revenue.

**Policy 6 - Continuing Disclosure****Continuing Disclosure In General**

Issuers of municipal securities and entities working on their behalf disclose material information to the marketplace such as annual financial information and material event notices. In December 2008, the Securities and Exchange Commission directed the Municipal Securities Rulemaking Board to establish a continuing disclosure service of the MSRB's Electronic Municipal Market Access (EMMA) system effective July 1, 2009. The continuing disclosure service of EMMA collects continuing disclosure documents from the issuer community and makes them available to the public for free through EMMA.

In conformance with the "Continuing Disclosure Certificate" entered into by the City of Sherwood in bond issuances, the City shall comply with Rule 15c2-12 of the Securities Exchange Act of 1934 (Exchange Act). As noted above, these disclosures generally are divided between submissions made to update financial or operating information about the issuer and notices that disclose the occurrence of specific events that may have an impact on the bonds. These disclosures are described below.

**City Responsibility**

The Finance Director shall be responsible for adhering to the City's Continuing Disclosure Obligations.

**Debt**

The City will borrow only to finance capital assets. The City will not borrow for operating purposes.

No bonds will mature more than 30 years from the date of issuance. No debt will be issued with a life exceeding the estimated useful life of the capital assets being financed. The City will limit bonded debt to 3% or less of total assessed value, as required by ORS 287.004. Repayment sources are identified for every debt prior to issuance.

**Policy 6 - Continuing Disclosure (continued)****Rule 15c2-12 Disclosures**

Rule 15c2-12 rule requires, for most new offerings of municipal securities, that the following types of information be provided to the MSRB's EMMA system:

1. Financial or operational information
  - a. Annual financial information concerning issuers or other obligated persons, or other financial information and operating data provided by issuers or other obligated persons
  - b. Audited financial statements for issuers or other obligated persons, if available
2. Event Notices
  - a. Principal and interest payment delinquencies
  - b. Non-payment related defaults, if material
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties
  - d. Unscheduled draws on credit enhancements reflecting financial difficulties
  - e. Substitution of credit or liquidity providers, or their failure to perform
  - f. Adverse tax opinions, Internal Revenue Service (IRS) notices or material events affecting the tax status of the security
  - g. Modifications to rights of security holders, if material
  - h. Bond calls, if material
  - i. Tender offers
  - j. Defeasances, release, substitution, or sale of property securing repayment of the securities, if material
  - k. Rating changes
  - l. Bankruptcy, insolvency, receivership or similar event;
  - m. Merger, consolidation, or acquisition, if material; and appointment of a successor or additional trustee, or the change of name of a trustee, if material
  - n. Notices of failures to provide annual financial information on or before the date specified in the written agreement



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**BUDGET COMMITTEE MEETING**  
**MARCH 5, 2026**



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**WELCOME**



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# AUDIT PRESENTATION



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# REVIEW / UPDATE FINANCIAL POLICIES



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## FINANCIAL UPDATE

# General Fund



	Through December 31, 2024		Through December 31, 2025		FY 24-25		FY 25-26	
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget		
<b>REVENUE</b>								
Property Taxes	\$ 8,559,149	\$ 7,893,038	\$ 9,051,042	\$ 8,264,693	92.22%		91.31%	
Fines And Forfeitures	2,103,400	698,992	1,754,300	723,535	33.23%		41.24%	
Charges For Services	3,490,285	1,450,439	2,350,755	793,027	41.56%		33.74%	
Intergovernmental	1,508,140	777,077	2,399,472	1,159,489	51.53%		48.32%	
Franchise Fees	2,778,000	797,946	2,863,731	917,551	28.72%		32.04%	
Interest Earnings	248,000	91,324	200,000	54,942	36.82%		27.47%	
Miscellaneous Revenue	127,250	132,165	481,205	217,551	103.86%		45.21%	
<b>Total Operating Revenues</b>	<b>18,814,224</b>	<b>11,840,981</b>	<b>19,100,505</b>	<b>12,130,788</b>	<b>62.94%</b>		<b>63.51%</b>	
<b>Other Financing Sources</b>								
Transfers In	416,493	-	187,010	70,541	0.00%		0.00%	
<b>TOTAL REVENUE</b>	<b>19,230,717</b>	<b>11,840,981</b>	<b>19,287,515</b>	<b>12,201,329</b>	<b>61.57%</b>		<b>63.26%</b>	
<b>EXPENDITURES</b>								
Salaries & Wages	16,766,635	7,363,814	16,691,590	7,990,454	43.92%		47.87%	
Materials and Services	2,882,191	1,269,184	2,405,377	1,356,242	44.04%		56.38%	
Capital Outlay (\$5,000 And Up)	588,000	293,635	663,722	123,048	49.94%		18.54%	
Transfers Out	105,000	-	127,400	127,400	0.00%		100.00%	
<b>TOTAL EXPENDITURES</b>	<b>20,341,826</b>	<b>8,926,633</b>	<b>19,888,089</b>	<b>9,597,144</b>	<b>43.88%</b>		<b>48.26%</b>	

# Public Art



	Through December 31, 2024		Through December 31, 2025		FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
	Adopted Budget	Actual	Adopted Budget	Actual		
<b>REVENUE</b>						
Fines, Interest and Other	\$ 2,000	\$ 1,905	\$ 2,500	\$ 1,327	95.25%	53.08%
<b>Total Operating Revenues</b>	<u>2,000</u>	<u>1,905</u>	<u>2,500</u>	<u>1,327</u>	<u>95.25%</u>	<u>53.08%</u>
<b>Other Financing Sources</b>						
Transfer In	35,000	-	42,467	42,467	0.00%	100.00%
<b>TOTAL REVENUE</b>	<u>37,000</u>	<u>1,905</u>	<u>44,967</u>	<u>43,794</u>	<u>5.15%</u>	<u>97.39%</u>
<b>EXPENDITURES</b>						
Capital Outlay (\$5,000 And Up)	37,000	65,000	-	-	175.68%	0.00%
<b>TOTAL EXPENDITURES</b>	<u>37,000</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>175.68%</u>	<u>0.00%</u>

# Economic Development and Promotion



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Fines, Interest and Other	\$ 5,000	\$ 5,497	\$ 5,500	\$ 3,718	109.94%	67.60%
<b>Total Operating Revenues</b>	<u>5,000</u>	<u>5,497</u>	<u>5,500</u>	<u>3,718</u>	<u>109.94%</u>	<u>67.60%</u>
<b>Other Financing Sources</b>						
Transfers In	70,000	-	84,933	84,933	0.00%	100.00%
<b>TOTAL REVENUE</b>	<u>75,000</u>	<u>5,497</u>	<u>90,433</u>	<u>88,651</u>	<u>7.33%</u>	<u>98.03%</u>
<b>EXPENDITURES</b>						
Salaries & Wages	99,787	45,162	105,184	55,046	0.00%	52.33%
Materials and Services	88,400	30,471	50,480	35,473	34.47%	70.27%
<b>TOTAL EXPENDITURES</b>	<u>188,187</u>	<u>75,633</u>	<u>155,664</u>	<u>90,519</u>	<u>40.19%</u>	<u>58.15%</u>

# Transient Lodging Tax



	Through December 31, 2024		Through December 31, 2025		FY 24-25 % of Adopted Budget	FY 25-26 % of Adopted Budget
	Adopted Budget	Actual	Adopted Budget	Actual		
<b>REVENUE</b>						
Intergovernmental	\$ 150,000	\$ 97,717	\$ 158,000	\$ 62,746	65.14%	39.71%
Fines, Interest and Other	5,000	2,195	4,500	2,785	43.90%	61.89%
<b>TOTAL REVENUE</b>	<b>155,000</b>	<b>99,912</b>	<b>162,500</b>	<b>65,531</b>	<b>64.46%</b>	<b>40.33%</b>
<b>EXPENDITURES</b>						
Transfers Out	155,000	-	182,000	65,531	0.00%	36.01%
<b>TOTAL EXPENDITURES</b>	<b>155,000</b>	<b>-</b>	<b>182,000</b>	<b>65,531</b>	<b>0.00%</b>	<b>36.01%</b>

# Grants



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Intergovernmental	\$ 100,000	\$ 29,232	\$ 100,000	\$ -	29.23%	0.00%
Fines, Interest and Other	4,500	3,720	4,750	600	0.00%	12.63%
<b>TOTAL REVENUE</b>	<b>104,500</b>	<b>32,952</b>	<b>104,750</b>	<b>600</b>	<b>31.53%</b>	<b>0.57%</b>
<b>EXPENDITURES</b>						
Materials and Services	203,962	141,369	100,200	89,849	69.31%	89.67%
Transfers Out	11,493	-	5,010	5,010	0.00%	0.00%
<b>TOTAL EXPENDITURES</b>	<b>215,455</b>	<b>141,369</b>	<b>105,210</b>	<b>94,859</b>	<b>65.61%</b>	<b>90.16%</b>

# Community Investment



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Fines, Interest and Other	\$ 50,000	\$ 102,284	\$ 40,000	\$ 26,026	204.57%	65.07%
<b>Total Operating Revenues</b>	<u>50,000</u>	<u>102,284</u>	<u>40,000</u>	<u>26,026</u>	<u>204.57%</u>	<u>65.07%</u>
<b>Other Financing Sources</b>						
Transfers In	-	-	-	-	n/a	0.00%
<b>TOTAL REVENUE</b>	<u>50,000</u>	<u>102,284</u>	<u>40,000</u>	<u>26,026</u>	<u>204.57%</u>	<u>65.07%</u>
<b>EXPENDITURES</b>						
Transfers Out	250,000	-	-	-	0.00%	n/a
<b>TOTAL EXPENDITURES</b>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>n/a</u>

# Street Operations



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 780,590	\$ 398,244	\$ 787,052	\$ 400,117	51.02%	50.84%
Intergovernmental	2,092,050	841,206	2,117,361	875,139	40.21%	41.33%
Fines, Interest and Other	210,000	129,971	249,000	112,137	61.89%	45.04%
<b>TOTAL REVENUE</b>	<b>3,082,640</b>	<b>1,369,421</b>	<b>3,153,413</b>	<b>1,387,393</b>	<b>44.42%</b>	<b>44.00%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	651,666	269,777	929,239	321,064	41.40%	34.55%
Materials and Services	1,767,333	597,303	1,872,667	665,119	33.80%	35.52%
<b>Total Operating Expenditures</b>	<b>2,418,999</b>	<b>867,080</b>	<b>2,801,906</b>	<b>986,183</b>	<b>35.84%</b>	<b>35.20%</b>
<b>Other Financing Uses</b>						
Transfers Out	750,000	-	750,000	750,000	0.00%	100.00%
<b>TOTAL EXPENDITURES</b>	<b>3,168,999</b>	<b>867,080</b>	<b>3,551,906</b>	<b>1,736,183</b>	<b>27.36%</b>	<b>48.88%</b>

# Street Capital



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 62,150	\$ 33,677	\$ 68,000	\$ 36,128	54.19%	53.13%
Infrastructure Development	1,403,235	918,367	2,593,569	1,163,913	65.45%	44.88%
Fines, Interest and Other	425,000	293,835	535,000	320,766	69.14%	59.96%
<b>Total Operating Revenues</b>	<b>1,890,385</b>	<b>1,245,879</b>	<b>3,196,569</b>	<b>1,520,807</b>	<b>65.91%</b>	<b>47.58%</b>
<b>Other Financing Sources</b>						
Transfers In	750,000	-	750,000	750,000	0.00%	100.00%
<b>TOTAL REVENUE</b>	<b>2,640,385</b>	<b>1,245,879</b>	<b>3,946,569</b>	<b>2,270,807</b>	<b>47.19%</b>	<b>57.54%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	97,347	42,523	365,215	82,502	43.68%	22.59%
Materials and Services	646,478	45,607	326,699	187,066	7.05%	57.26%
Capital Outlay (\$5,000 And Up)	3,050,091	429,048	2,366,841	776,733	14.07%	32.82%
<b>Total Operating Expenditures</b>	<b>3,793,916</b>	<b>517,178</b>	<b>3,058,755</b>	<b>1,046,301</b>	<b>13.63%</b>	<b>34.21%</b>
<b>Other Financing Uses</b>						
Transfers Out	635,000	367,179	-	-	57.82%	n/a
<b>TOTAL EXPENDITURES</b>	<b>4,428,916</b>	<b>884,357</b>	<b>3,058,755</b>	<b>1,046,301</b>	<b>19.97%</b>	<b>34.21%</b>

# General Construction



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 85,000	\$ 40,203	\$ 82,000	\$ 36,600	47.30%	44.63%
Franchise Fees	25,000	4,794	20,000	3,612	19.18%	18.06%
Infrastructure Development	752,075	446,045	757,684	236,400	59.31%	31.20%
Fines, Interest and Other	160,000	135,109	175,000	120,123	84.44%	68.64%
<b>Total Operating Revenues</b>	<b>1,022,075</b>	<b>626,151</b>	<b>1,034,684</b>	<b>396,735</b>	<b>61.26%</b>	<b>38.34%</b>
<b>Other Financing Sources</b>						
Transfers In	635,000	363,573	-	-	57.26%	n/a
<b>TOTAL REVENUE</b>	<b>1,657,075</b>	<b>989,724</b>	<b>1,034,684</b>	<b>396,735</b>	<b>59.73%</b>	<b>38.34%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	58,873	22,609	70,600	2,787	38.40%	3.95%
Materials and Services	90,724	50,262	291,487	10,492	55.40%	3.60%
Capital Outlay (\$5,000 And Up)	985,000	307,252	200,000	-	31.19%	0.00%
<b>TOTAL EXPENDITURES</b>	<b>1,134,597</b>	<b>380,123</b>	<b>562,087</b>	<b>13,279</b>	<b>33.50%</b>	<b>2.36%</b>

# Water Operations



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 3,133,500	\$ 1,880,001	\$ 3,314,000	\$ 2,011,297	60.00%	60.69%
Fines, Interest and Other	526,000	355,714	691,000	91,516	67.63%	13.24%
<b>TOTAL REVENUE</b>	<b>3,659,500</b>	<b>2,235,715</b>	<b>4,005,000</b>	<b>2,102,813</b>	<b>61.09%</b>	<b>52.50%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	946,457	372,279	1,055,128	410,803	39.33%	38.93%
Materials and Services	3,353,967	1,494,834	3,704,159	1,651,557	44.57%	44.59%
Debt Service	2,257,497	1,048,097	2,223,719	1,273,975	46.43%	57.29%
<b>TOTAL EXPENDITURES</b>	<b>6,557,921</b>	<b>2,915,210</b>	<b>6,983,006</b>	<b>3,336,335</b>	<b>44.45%</b>	<b>47.78%</b>

# Water Capital



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 3,100,000	\$ 1,880,001	\$ 3,300,000	\$ 1,997,793	60.65%	60.54%
Infrastructure Development	700,486	685,531	418,578	224,625	97.87%	53.66%
Fines, Interest and Other	610,000	315,606	620,000	325,978	51.74%	52.58%
<b>TOTAL REVENUE</b>	<b>4,410,486</b>	<b>2,881,138</b>	<b>4,338,578</b>	<b>2,548,396</b>	<b>65.32%</b>	<b>58.74%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	92,721	22,540	126,204	3,777	24.31%	2.99%
Materials and Services	127,135	14,854	46,878	3,241	11.68%	6.91%
Capital Outlay (\$5,000 And Up)	1,256,000	-	1,352,891	-	0.00%	0.00%
<b>TOTAL EXPENDITURES</b>	<b>1,475,856</b>	<b>37,394</b>	<b>1,525,973</b>	<b>7,018</b>	<b>2.53%</b>	<b>0.46%</b>

# Sanitary Operations



	Throught December 31, 2024		Throught December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 797,100	\$ 263,856	\$ 848,500	\$ 435,837	33.10%	51.37%
Intergovernmental	2,200	510	2,200	1,116	23.18%	50.73%
Infrastructure Development	-	114,925	-	-	n/a	n/a
Fines, Interest and Other	67,000	31,515	140,000	65,072	47.04%	46.48%
<b>TOTAL REVENUE</b>	<b>866,300</b>	<b>410,806</b>	<b>990,700</b>	<b>502,025</b>	<b>47.42%</b>	<b>50.67%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	388,809	171,628	471,468	161,423	44.14%	34.24%
Materials and Services	403,047	228,586	404,616	259,592	56.71%	64.16%
Debt Service	-	-	76,368	-	n/a	0.00%
Capital Outlay (\$5,000 And Up)	10,000	-	10,000	-	0.00%	0.00%
<b>TOTAL EXPENDITURES</b>	<b>801,856</b>	<b>400,214</b>	<b>962,452</b>	<b>421,015</b>	<b>49.91%</b>	<b>43.74%</b>

# Sanitary Capital



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%
Intergovernmental	75,000	-	400,000	10,366	0.00%	2.59%
Infrastructure Development	158,203	201,065	53,989	47,734	127.09%	88.41%
Fines, Interest and Other	119,000	175,091	145,000	88,604	147.14%	61.11%
<b>Total Operating Revenues</b>	<b>352,203</b>	<b>376,156</b>	<b>598,989</b>	<b>146,704</b>	<b>106.80%</b>	<b>24.49%</b>
<b>Other Financing Sources</b>						
Loan Proceeds	600,000	-	-	-	0.00%	0.00%
<b>TOTAL REVENUE</b>	<b>952,203</b>	<b>376,156</b>	<b>598,989</b>	<b>146,704</b>	<b>39.50%</b>	<b>24.49%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	113,331	6,846	100,116	19,294	6.04%	19.27%
Materials and Services	715,395	15,084	252,850	67,469	2.11%	26.68%
Capital Outlay (\$5,000 And Up)	1,100,000	-	292,099	-	0.00%	0.00%
<b>TOTAL EXPENDITURES</b>	<b>1,928,726</b>	<b>21,930</b>	<b>645,065</b>	<b>86,763</b>	<b>1.14%</b>	<b>13.45%</b>

# Stormwater Operations



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 1,227,000	\$ 650,614	\$ 1,292,000	\$ 631,174	53.02%	48.85%
Fines, Interest and Other	247,000	174,313	365,000	224,799	70.57%	61.59%
<b>TOTAL REVENUE</b>	<b>1,474,000</b>	<b>824,927</b>	<b>1,657,000</b>	<b>855,973</b>	<b>55.97%</b>	<b>51.66%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	1,058,925	386,455	1,118,904	400,232	36.50%	35.77%
Materials and Services	947,385	354,231	1,011,091	293,501	37.39%	29.03%
<b>TOTAL EXPENDITURES</b>	<b>2,006,310</b>	<b>740,686</b>	<b>2,129,995</b>	<b>693,733</b>	<b>36.92%</b>	<b>32.57%</b>

# Stormwater Capital



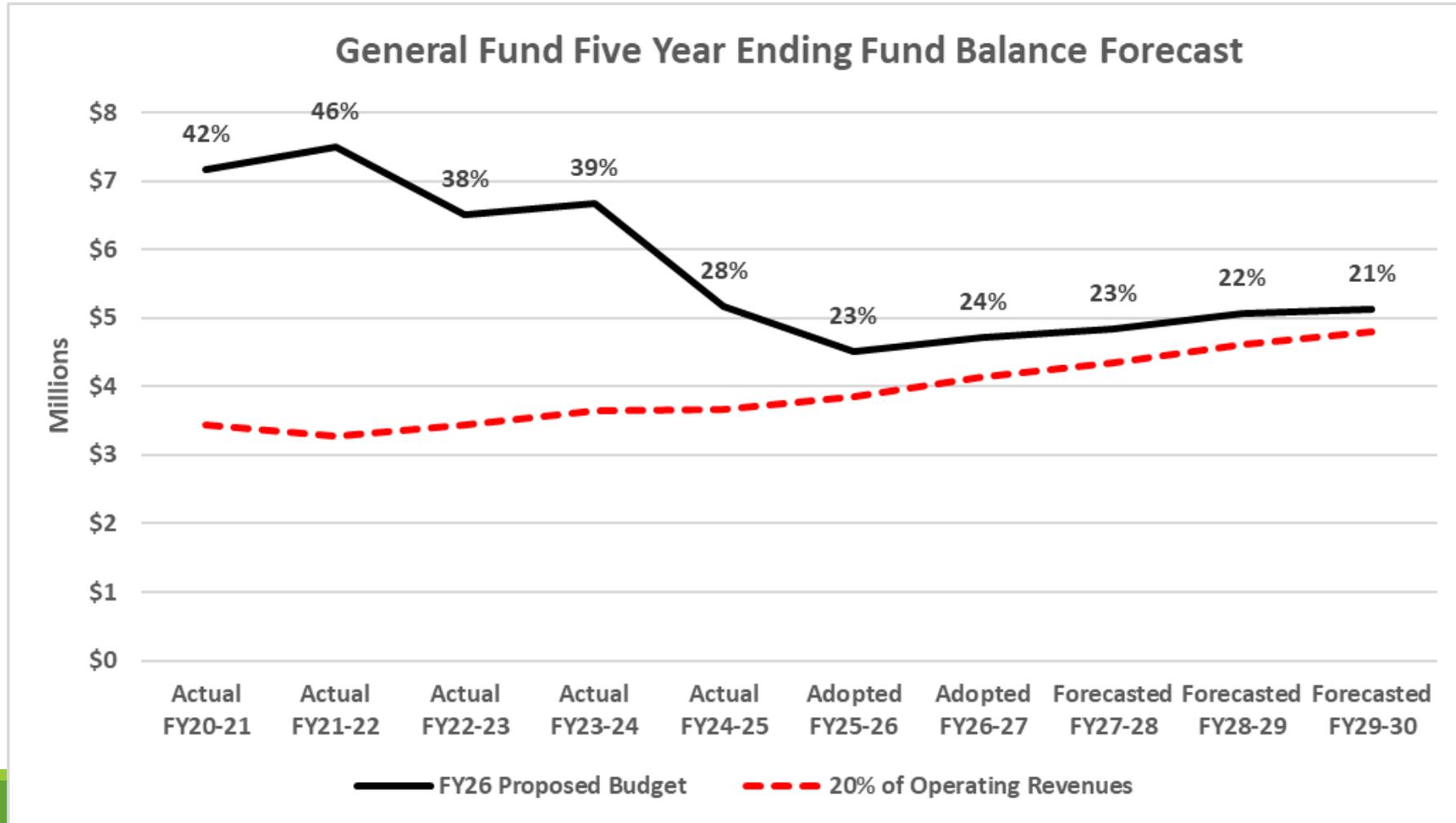
	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 1,225,000	\$ 595,367	\$ 1,290,000	\$ 631,174	48.60%	48.93%
Infrastructure Development	43,818	297,084	67,622	9,828	678.00%	14.53%
Fines, Interest and Other	131,000	83,114	145,000	84,352	63.45%	58.17%
<b>TOTAL REVENUE</b>	<b>1,399,818</b>	<b>975,565</b>	<b>1,502,622</b>	<b>725,354</b>	<b>69.69%</b>	<b>48.27%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	64,076	5,057	167,367	33,761	7.89%	20.17%
Materials and Services	88,858	18,087	320,098	81,800	20.35%	25.55%
Capital Outlay (\$5,000 And Up)	730,000	-	1,112,155	339,604	0.00%	30.54%
<b>TOTAL EXPENDITURES</b>	<b>882,934</b>	<b>23,144</b>	<b>1,599,620</b>	<b>455,165</b>	<b>2.62%</b>	<b>28.45%</b>

# Broadband



	Through December 31, 2024		Through December 31, 2025		FY 24-25	FY 25-26
	Adopted Budget	Actual	Adopted Budget	Actual	% of Adopted Budget	% of Adopted Budget
<b>REVENUE</b>						
Charges For Services	\$ 1,779,600	\$ 677,848	\$ 2,297,148	\$ 953,117	38.09%	41.49%
Intergovernmental	-	-	5,875,085	-	n/a	0.00%
Fines, Interest and Other	77,000	72,712	550,000	8,201	94.43%	1.49%
<b>Total Operating Revenues</b>	<b>1,856,600</b>	<b>750,560</b>	<b>8,722,233</b>	<b>961,318</b>	<b>40.43%</b>	<b>11.02%</b>
<b>Other Financing Sources</b>						
Loan Proceeds	2,400,000	2,400,000	15,500,000	-	0.00%	n/a
<b>TOTAL REVENUE</b>	<b>4,256,600</b>	<b>3,150,560</b>	<b>24,222,233</b>	<b>961,318</b>	<b>74.02%</b>	<b>3.97%</b>
<b>EXPENDITURES</b>						
Salaries & Wages	2,817,534	1,156,159	3,128,229	1,101,477	41.03%	35.21%
Materials and Services	1,951,754	1,037,152	2,302,635	1,043,973	53.14%	45.34%
Capital Outlay (\$5,000 And Up)	5,000	91,914	5,880,085	3,033,951	1838.28%	51.60%
Debt Service	483,051	179,111	788,520	177,544	37.08%	22.52%
<b>TOTAL EXPENDITURES</b>	<b>5,257,339</b>	<b>2,464,336</b>	<b>12,099,469</b>	<b>5,356,945</b>	<b>46.87%</b>	<b>44.27%</b>

# Updated 5-Year Forecast



# Project Update



Projects	Estimated Cost	Total Expenditures	% Completed
Arrow Street Construction	\$ 1,675,091	\$ 1,332,717	80%
Gleneagle Drive Regional Storm New Facility	520,000	518,527	100%
Sunset-Timbrel Crosswalk Enhancement	590,557	373,432	63%
Transportation System Plan (TSP)	694,500	312,893	45%
Washington St from Tualatin to Division/Schamburg (Reconstruction)	977,702	47,261	5%
2nd and Park St Stormwater Facility Rehabilitation	335,000	20,828	6%
Oregon Street Design and Construction	9,153,988	448,207	5%
Citywide Catch Basin Remediation	420,086	235,500	56%
Sunset (Main to Cinnamon Hill) (Grind and Overlay)	285,104	225,159	79%



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# Comments or Questions?