

OFFICIAL STATEMENT DATED JULY 8, 2025

NEW ISSUE –
BOOK-ENTRY-ONLY

RATING: Moody's "Aa2"
See "RATING" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series A Bond for any period that such Series A Bond is held by a "substantial user" of the facilities financed by that Series A Bond or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Series A Bonds is a specific preference item for purposes of the federal individual alternative minimum tax and interest on the Series A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that, based upon existing law, interest on the Bonds is exempt from State of Oregon personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.



\$100,985,000
CITY OF REDMOND, OREGON
FULL FAITH AND CREDIT BONDS

\$95,955,000
SERIES 2025A
(AIRPORT EXPANSION PROJECTS)
(AMT)

\$5,030,000
SERIES 2025B
(AIRPORT EXPANSION PROJECTS)
(FEDERALLY TAXABLE)

DATED: Date of Delivery

DUE: June 1, as shown inside cover

The City of Redmond, Oregon (the "City"), is issuing its Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT) (the "Series A Bonds" or the "Tax-Exempt Bonds"), and its Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable) (the "Series B Bonds" or the "Federally Taxable Bonds" and together with the Tax-Exempt Bonds, collectively, the "Bonds"), in book-entry-only form in denominations of \$5,000 or integral multiples thereof. The Bonds are registered obligations issued in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. See APPENDIX E — "BOOK-ENTRY-ONLY SYSTEM" herein. So long as the Bonds remain in the book-entry-only system, principal and interest payments will be remitted by the registrar and paying agent of the City, currently U.S. Bank Trust Company, National Association (the "Paying Agent"), to DTC, who in turn will be required to distribute such payments to DTC Participants for ultimate distribution to Beneficial Owners. Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2025.

The proceeds of the sale of the Bonds are to be used to (i) finance construction and equipping of the Airport Expansion Projects (as defined herein), (ii) pay capitalized interest on the Bonds during the construction of the Airport Expansion Projects and (iii) pay costs of issuance of the Bonds. See "PLAN OF FINANCE" herein.

The Bonds are secured by and payable from the City's general non-restricted revenues and other funds that are lawfully available for that purpose, including revenues from an ad valorem tax authorized to be levied under the City's permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The City pledges its full faith and credit and taxing powers to the repayment of the Bonds pursuant to Oregon Revised Statutes 287A.315, or any successor statute. The registered owners of the Bonds will not have a lien or security interest on the projects financed with the proceeds of the Bonds. The Bonds do not constitute a debt or indebtedness of Deschutes County, the State of Oregon, or any political subdivision thereof other than the City.

See Maturity Schedule on Inside Cover

The Bonds are subject to redemption as described herein. See "DESCRIPTION OF THE BONDS—Redemption of the Bonds."

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City. Certain other legal matters will be passed upon for the Underwriter by Hawkins Delafield & Wood LLP, Portland, Oregon, Underwriter's Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about July 22, 2025 (the "Date of Delivery").

Morgan Stanley

MATURITY SCHEDULE

\$95,955,000
CITY OF REDMOND
FULL FAITH AND CREDIT BONDS
SERIES 2025A
(AIRPORT EXPANSION PROJECTS)
(AMT)

Due June 1	Principal Amount	Interest Rate	Yield	CUSIP No. 757657**
2028	\$1,985,000	5.000%	3.270%	YY1
2029	2,085,000	5.000	3.300	YZ8
2030	2,190,000	5.000	3.400	ZA2
2031	2,300,000	5.000	3.570	ZB0
2032	2,415,000	5.000	3.700	ZC8
2033	2,535,000	5.000	3.790	ZD6
2034	2,660,000	5.000	3.920	ZE4
2035	2,795,000	5.000	4.090	ZF1
2036	2,935,000	5.000	4.240*	ZG9
2037	3,080,000	5.000	4.350*	ZH7
2038	3,235,000	5.000	4.480*	ZJ3
2039	3,395,000	5.000	4.550*	ZK0
2040	3,565,000	5.000	4.630*	ZL8
2041	3,745,000	5.250	4.710*	ZM6
2042	3,940,000	5.250	4.810*	ZN4
2043	4,150,000	5.250	4.890*	ZP9
2044	4,365,000	5.250	4.950*	ZQ7
2045	4,595,000	5.250	5.000*	ZR5

\$39,985,000 5.500% Series 2025A Term Bond due June 1, 2052
Priced to Yield 5.070%* (CUSIP No. 757657ZS3**)

* Priced to the call date of June 1, 2035.

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\$5,030,000
CITY OF REDMOND
FULL FAITH AND CREDIT BONDS
SERIES 2025B
(AIRPORT EXPANSION PROJECTS)
(FEDERALLY TAXABLE)

\$5,030,000 5.950% Series 2025B Term Bond due June 1, 2045
Priced to Yield 5.950% (CUSIP No. 757657ZT1^{**})

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No dealer, broker, salesperson or any other person has been authorized by the City to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices appearing on this inside cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any other information presented on any such website in determining to purchase the Bonds. Any references to any such website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

The information set forth herein has been obtained from the City, DTC, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein since the date hereof.

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**OFFICIAL STATEMENT
OF**

CITY OF REDMOND, OREGON

411 SW 9th Street
Redmond, Oregon 97756
(541) 923-7710

CITY COUNCIL

Ed Fitch, Mayor
Clifford Evelyn
Shannon Wedding
Cat Zwicker
John Nielsen
Kathryn Osborne
Jay Patrick

ADMINISTRATIVE STAFF

Keith Witcosky, City Manager
Jason Neff, Deputy City Manager & Chief Financial Officer
Zachary Bass, Airport Director

BOND AND DISCLOSURE COUNSEL

Orrick, Herrington, & Sutcliffe LLP, Portland, Oregon

FINANCIAL ADVISOR

Piper Sandler & Co., Portland, Oregon

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association, Portland, Oregon

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OFFICIAL STATEMENT FOR THE
\$100,985,000
CITY OF REDMOND, OREGON
FULL FAITH AND CREDIT BONDS

\$95,955,000
SERIES 2025A
(AIRPORT EXPANSION PROJECTS)
(AMT)

\$5,030,000
SERIES 2025B
(AIRPORT EXPANSION PROJECTS)
(FEDERALLY TAXABLE)

The City of Redmond (the “City”), located in Deschutes County (the “County”), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of its \$95,955,000 Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT) (the “Series A Bonds” or the “Tax-Exempt Bonds”) and its \$5,030,000 Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable) (the “Series B Bonds” or the “Federally Taxable Bonds” and together with the Tax-Exempt Bonds, collectively, the “Bonds”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover and appendices, provides information concerning the City and the Bonds.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in APPENDIX A-2—“FORM OF BOND DECLARATION,” which is attached hereto and incorporated by reference herein.

THE BONDS

Authorization and Purpose of Issuance

The City is authorized pursuant to Oregon Revised Statutes (“ORS”) Section 287A.150 (together with related provisions of ORS Chapter 287A and the laws of the State of Oregon, the “Act”) to issue bonds for a public purpose and to secure bonds with all lawfully available revenues to which the City is entitled. The Act permits the City to authorize revenue bonds, including the Bonds, by enacting a nonemergency ordinance but restricts the ability of the City to sell the revenue bonds until the time period for referral of the ordinance has expired, to allow time for the electors of the City to gather signatures to refer the nonemergency ordinance authorizing issuance of revenue bonds to the voters.

The Bonds are authorized and being issued pursuant to the Act and Ordinance No. 2025-06 (the “Ordinance”), which is included in APPENDIX A-1, enacted by the City Council of the City (the “City Council”) on March 25, 2025. The referral period for the Ordinance expired on April 24, 2025. The Bonds are also being issued pursuant to a Bond Declaration that is dated the Date of Delivery of the Bonds (the “Bond Declaration”), a form of which is included in APPENDIX A-2. As further described herein, the proceeds of the sale of the Bonds are to be used to (i) finance the Airport Expansion Projects (as defined herein), (ii) pay capitalized interest on the Bonds during the construction of the Airport Expansion Projects and (iii) pay costs of issuing the Bonds. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.”

Principal Amount, Date, Interest Rate and Maturities

The Bonds will be issued in the aggregate principal amount of \$100,985,000 and will be dated and bear interest from the Date of Delivery. The Bonds will mature on the dates and in the principal amounts and will bear interest payable semi-annually on June 1 and December 1, commencing December 1, 2025 at the rates as set forth on the inside cover of this Official Statement. The Bonds will be issued only as fully registered bonds in book-entry form, without coupons, in principal denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be remitted by the registrar and paying agent of the City, currently U.S. Bank Trust Company, National Association, Portland, Oregon (the “Paying Agent”) to the Depository Trust Company (“DTC”), who in turn will be required to distribute such payments to its participants (the “DTC Participants”) for ultimate distribution to Beneficial Owners (as defined herein).

Redemption of the Bonds

Series A Bonds

Optional Redemption. The Series A Bonds maturing on or after June 1, 2036 are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2035 and on any date thereafter, at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption. The Series A Bonds stated to mature on June 1, 2052 are term bonds subject to mandatory sinking fund redemption, in part, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on June 1 in the years and in the amounts as set forth below:

Series A Term Bonds Maturing on June 1, 2052

Year (June 1)	Sinking Fund Redemption
2046	\$4,835,000
2047	5,105,000
2048	5,385,000
2049	5,680,000
2050	5,990,000
2051	6,320,000
2052 [†]	6,670,000

[†] Final maturity.

Series B Bonds

Optional Redemption. The Series B Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2035 and on any date thereafter at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption. The Series B Bonds are term bonds subject to mandatory sinking fund redemption, in part, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on June 1 in the years and in the amounts as set forth below:

Series B Term Bonds Maturing on June 1, 2045

Year (June 1)	Sinking Fund Redemption
2026	\$175,000
2027	145,000
2028	155,000
2029	160,000
2030	170,000
2031	180,000
2032	195,000
2033	205,000
2034	215,000
2035	230,000
2036	245,000
2037	255,000
2038	275,000
2039	290,000
2040	305,000
2041	325,000
2042	345,000
2043	365,000
2044	385,000
2045 [†]	410,000

[†] Final maturity.

Make-Whole Call Provisions for Series B Bonds (Federally Taxable). At the option of the City, the Series B Bonds also are subject to redemption as a whole or in part on any date prior to June 1, 2035, at a redemption price described below (the “Make-Whole Redemption Price”).

The Make-Whole Redemption Price for the Series B Bonds is equal to the greater of (1) 100 percent of the principal amount of the Series B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series B Bonds are to be redeemed, discounted to the date on which the Series B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points; plus, in each case, accrued interest on the Series B Bonds to be redeemed to the date on which the Series B Bonds are to be redeemed.

“Treasury Rate” means, with respect to any redemption date for a particular Series B Bond, the yield to maturity as of such Valuation Date of United State Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available on the Valuation Date selected by the City (excluding inflation indexed securities) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series B Bond (taking into account any sinking fund installments for such Series B Bonds) to be redeemed.

“Designated Investment Banker” means a Reference Treasury Dealer appointed by the City.

“Reference Treasury Dealer” means primary United States Government securities dealers in the City of New York (a “Primary Treasury Dealer”).

“Valuation Date” means at least three (3) Business Days but not more than thirty (30) calendar days prior to the date of redemption.

In connection with an optional redemption of Series B Bonds prior to their stated maturity dates, as a whole or in part, on any business day, at the Make Whole Redemption Price, the City will appoint a Designated Investment Banker to take any further actions as provided in the Bond Declaration.

The redemption price of such Series B Bonds to be redeemed will be verified by an independent accounting firm, investment banking firm, or financial advisor retained by the City to calculate such redemption price. The City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm, or financial advisor and will not be liable for such reliance.

Notice, Selection and Effect of Redemption

Notice of Redemption for the Bonds. So long as the Bonds are in BEO form, and subject to the provisions of DTC and the Bond Declaration, the Paying Agent shall notify DTC of any redemption of the Bonds, not less than 20 calendar days (or such lesser time period that is acceptable to the Paying Agent and consistent with the operational arrangements of DTC) nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by DTC.

Subject to the terms of the Bond Declaration, notice of optional redemption to the Paying Agent or to the Bonds may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Bondholders of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Effect of Notice of Redemption. Pursuant to the Bond Declaration, official notice of redemption having been given (other than conditional notices of optional redemption as described above), the Bonds or portions of Bonds so to be redeemed shall, on the dated fixed for redemption, become due and payable at the redemption price therein specified, together with interest accrued to the date fixed for redemption of such Bonds, and from and after such date (unless the City fails to pay the redemption price) such Bonds or portion of Bonds shall cease to bear interest.

Selection for Redemption of Series A Bonds. For as long as the Series A Bonds are in book-entry-only form, if fewer than all of the Series A Bonds of a maturity are called for redemption, the selection of the Series A Bonds within such maturity to be redeemed shall be made by DTC in accordance with its operational procedures as then in effect. If the Series A Bonds are no longer held in book-entry-only form, the Paying Agent shall select the Series A Bonds within such maturity for redemption by lot.

Selection for Redemption of Series B Bonds. If the Series B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series B Bonds, if fewer than all of a maturity of the Series B Bonds are to be redeemed prior to maturity, the particular Series B Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the Series B Bonds are held in book-entry form, the selection for redemption of such Series B Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Paying Agent pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the Series B Bonds will be selected for redemption in accordance with DTC procedures by lot within a maturity.

It is the City’s intent with respect to the Series B Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series B Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series B Bonds will be selected for redemption in accordance with DTC procedures by lot.

If the Series B Bonds are not registered in book-entry only form, the Series B Bonds will be assigned certificate numbers. Any redemptions of less than all of a maturity of a series of the Series B Bonds shall be effected by the Paying Agent by designating such Series B Bonds for optional redemption within a maturity in the order of the assigned certificate numbers.

Defeasance

The City may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient to pay all principal and interest on the defeased Bonds until their maturity date or any earlier redemption date. Bonds which have been defeased pursuant to the Declaration shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under the Declaration except the right to receive payment from such special escrow account.

Payment of Principal and Interest; Registration

So long as the Bonds are subject to the book-entry-only system, payment of principal of and interest on the Bonds when due shall be paid through the facilities of DTC in accordance with the rules, regulations and practices established and followed in connection with the DTC book-entry-only system. See APPENDIX E — “BOOK-ENTRY-ONLY SYSTEM.”

In the event the book-entry-only system is discontinued, the Bonds will be issued in the form of fully registered Bonds without coupons in Authorized Denominations. “Authorized Denominations” means denominations of \$5,000 and any integral multiple thereof within a single maturity date. Interest on each Bond shall be paid on each interest payment date (or the next

Business Day if the payment date is not a Business Day) by check or draft drawn upon and mailed by the Paying Agent to the registered owner of such Bond at the address thereof, all as shown on the registration books maintained by the Paying Agent as of the 15th day of the calendar month preceding the interest payment date.

Exchange and Transfer of the Bonds

While the Bonds are in book-entry-only form, Beneficial Owners may transfer the Bonds only through DTC. If the Bonds cease to be in book-entry-only form, the Bonds may be transferred upon the books of the Paying Agent as provided in the Bond Declaration.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Security

The Bonds shall be secured by and payable from the City’s general non-restricted revenues and other funds that are lawfully available for that purpose, including revenues from an ad valorem tax authorized to be levied under the City’s permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The City pledges its full faith and credit and taxing powers to the repayment of the Bonds pursuant to ORS 287A.315, and any successor statute. Revenues from the City’s permanent tax rate property tax levy are legally available to pay the Bonds. See “REVENUE SOURCES—Property Taxes.”

The City is not obligated or authorized to levy additional taxes to pay the Bonds and the Bonds are not secured by a lien on, or a pledge of, any specific revenues of the City. The Bonds do not constitute a debt or obligation of Deschutes County, the State or any political subdivision thereof other than the City. The registered owners of the Bonds will not have a lien or security interest on the Airport Expansion Projects (defined herein) financed with the proceeds of the Bonds.

Sources of Payment

The City expects to pay the debt service on the Bonds from revenues of the Airport, to the extent they are available. **The Bonds are not secured by a pledge of, or lien on, the revenues of the Airport, and registered owners of the Bonds will not have a lien or security interest in such revenues or the projects financed with the proceeds of the Bonds.** See “THE REDMOND MUNICIPAL AIRPORT—Airport Revenues” and “—Passenger Facility and Customer Facility Charges,” and APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—BASIC FINANCIAL STATEMENTS—Proprietary Funds,” including the Table titled “City of Redmond, Oregon Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds, For the Fiscal Year Ended June 30, 2024.

PLAN OF FINANCE

The City expects to use the proceeds of the Series A Bonds to provide funds to finance all or a portion of the costs associated with the following projects, without limitation, which relate to the anticipated improvements (collectively, the “Terminal Expansion Project”), at the Redmond Municipal Airport – Roberts Field (the “Airport”):

- Constructing and equipping new outbound baggage carousels and jet bridges and upgrading electrical systems; and
- Constructing and equipping the expansion of the passenger holding area, including boarding space, public-use facilities, elevators and escalators, support infrastructure and concessions.

The total cost of the Terminal Expansion Project is estimated to be \$180 million, and it is anticipated to be funded with a combination of approximately \$35 million in Airport operating cash, approximately \$55 million in state grants (\$10 million awarded) and federal grants (\$15 million awarded and \$30 million obligated), and proceeds of the Series A Bonds. See “THE REDMOND MUNICIPAL AIRPORT—Airport Facilities,” “—The Terminal Expansion Project” and “—Federal Funding for the Airport,” “REVENUE SOURCES—Federal Funding” and “CERTAIN RISK FACTORS FOR THE CITY—Federal Funding Risks” herein.

The City expects to use the proceeds of the Series B Bonds to provide funds to finance a portion of the costs associated with the following project, without limitation (collectively, the “Quick Turnaround Rental Car Facility,” and together with the Terminal Expansion Project, the “Airport Expansion Projects”), at the Airport:

- Constructing and equipping a facility that will be used by rental companies to fuel, clean, service and store vehicles.

See “THE REDMOND MUNICIPAL AIRPORT” for more information on the Airport.

The total cost of the Quick Turnaround Rental Car Facility is estimated to be approximately \$13 million, and it is anticipated to be funded with revenues generated by Customer Facility Charges (as defined below), proceeds of the City’s Full Faith and Credit Bonds, Series 2019B-2 and the Series B Bonds.

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SOURCES AND USES OF FUNDS

The proceeds from the Bonds are estimated to be applied as shown in the table below.

Sources of Funds:	Series A Bonds	Series B Bonds
Par Amount	\$95,955,000	\$5,030,000
Original Issue Premium	3,969,171	--
Total Sources of Funds	\$99,924,171	\$5,030,000
Uses of Funds:		
Terminal Expansion Project	\$90,000,000	--
Quick Turnaround Car Rental Facility	--	\$5,000,000
Capitalized Interest	9,383,956	--
Costs of Issuance ⁽¹⁾	281,650	16,525
Underwriter's Discount	258,565	13,475
Total Uses of Funds	\$99,924,171	\$5,030,000

⁽¹⁾ Includes legal fees, financial advisor's fees, paying agent fees, rating agency fees and other costs incurred in connection with the issuance of the Bonds.

DEBT SERVICE REQUIREMENTS

The following table presents the debt service requirements for the City's outstanding full faith and credit debt obligations secured by a pledge of the City's full faith and credit and taxing powers pursuant to ORS 287A.315 and debt service for the Bonds. See "CITY DEBT INFORMATION—Outstanding Long-Term Debt." As of the end of Fiscal Year 2024-25, approximately \$23.3 million of the City's \$50.6 million outstanding principal amount of full faith and credit obligations was attributable to Airport projects and expected to be paid with airport revenue. Separately from the table below, the City has \$32.6 million of outstanding General Obligation debt which is expected to be paid by General Obligation Bond Levies (as defined herein), which are taxes levied in addition to the City's Operating Tax Rate Limit (as defined herein). See "REVENUE SOURCES—Property Taxes" for additional discussion.

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**TABLE 1
BOND DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending June 30	Outstanding Indebtedness	Series A Bonds		Series B Bonds		Total Debt Service Requirements ⁽¹⁾
		Principal	Interest ⁽¹⁾	Principal	Interest	
2026	\$ 7,246,391	--	--	\$ 175,000	\$ 256,886	\$ 7,678,277
2027	6,958,795	--	--	145,000	288,873	7,392,668
2028	6,959,434	\$ 1,985,000	\$ 5,049,663	155,000	280,245	14,429,342
2029	6,663,343	2,085,000	4,950,413	160,000	271,023	14,129,778
2030	6,616,966	2,190,000	4,846,163	170,000	261,503	14,084,631
2031	6,263,309	2,300,000	4,736,663	180,000	251,388	13,731,359
2032	3,768,119	2,415,000	4,621,663	195,000	240,678	11,240,459
2033	3,353,080	2,535,000	4,500,913	205,000	229,075	10,823,068
2034	2,739,027	2,660,000	4,374,163	215,000	216,878	10,205,067
2035	2,744,362	2,795,000	4,241,163	230,000	204,085	10,214,610
2036	2,529,784	2,935,000	4,101,413	245,000	190,400	10,001,597
2037	2,354,202	3,080,000	3,954,663	255,000	175,823	9,819,687
2038	2,346,253	3,235,000	3,800,663	275,000	160,650	9,817,566
2039	2,349,303	3,395,000	3,638,913	290,000	144,288	9,817,503
2040	372,600	3,565,000	3,469,163	305,000	127,033	7,838,795
2041	370,800	3,745,000	3,290,913	325,000	108,885	7,840,598
2042	368,600	3,940,000	3,094,300	345,000	89,548	7,837,448
2043	371,000	4,150,000	2,887,450	365,000	69,020	7,842,470
2044	367,800	4,365,000	2,669,575	385,000	47,303	7,834,678
2045	369,200	4,595,000	2,440,413	410,000	24,395	7,839,008
2046	-	4,835,000	2,199,175	--	--	7,034,175
2047	-	5,105,000	1,933,250	--	--	7,038,250
2048	-	5,385,000	1,652,475	--	--	7,037,475
2049	-	5,680,000	1,356,300	--	--	7,036,300
2050	-	5,990,000	1,043,900	--	--	7,033,900
2051	-	6,320,000	714,450	--	--	7,034,450
2052	-	6,670,000	366,850	--	--	7,036,850
Total⁽²⁾	\$65,112,368	\$95,955,000	\$79,934,663	\$5,030,000	\$3,637,974	\$249,670,004

⁽¹⁾ Net of \$9,383,956.15 in capitalized interest funded from proceeds of the Series A Bonds in Fiscal Years 2026 and 2027.

⁽²⁾ Columns may not foot due to rounding.

Source: City of Redmond.

THE CITY

General Description

The City was incorporated on July 6, 1910 and is located on the eastern side of Oregon's Cascade Mountain Range. The City is 15 miles north of the City of Bend, the county seat for Deschutes County; 144 miles from the City of Portland; 129 miles from the City of Salem, the State capital; and 126 miles from the City of Eugene.

The City was founded by Frank and Josephine Redmond. The City was platted by an irrigation company building a major canal project. In 1911, a year after the City was incorporated, both electrification and the Oregon Trunk Line Railroad reached the City, which opened new markets for farmers and merchants in the area. By 1930, the town had grown to a population of 1,000 people, and ten years later the population had nearly doubled. During the 1940's the City

was selected as a US Air Force Base and commercial air service was established at Roberts Field (now Redmond Municipal Airport) after World War II. The City population has grown to more than 37,000. See “ECONOMIC AND DEMOGRAPHIC INFORMATION” herein.

The City engages in the following governmental activities: general government, public safety, highways and streets, culture and recreation, community development and engineering services. The City engages in the following business-type activities: stormwater utility, water utility, wastewater utility and a municipal golf course. Additionally, the City owns and operates the Airport. See “Enterprise Funds—*The Airport*” and APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024—FUND FINANCIAL STATEMENTS—Proprietary Funds” for additional discussion of the City’s airport enterprise fund.

Government

The City operates under a council-manager form of government. Policy making and legislative authority are vested in the governing council, consisting of a mayor and a six-member City Council. The City Council is elected on a non-partisan basis for four-year terms. The Mayor is elected to two-year terms.

Current members of the City Council are shown in the following table.

**TABLE 2
CITY COUNCIL**

Name	Position	Occupation/Background	Service Began	Term Expires (December 31)
Ed Fitch	Mayor	Attorney	January 2021	December 2026
Clifford Evelyn	Councilor	Law Enforcement	January 2021	December 2028
Shannon Wedding	Councilor	Infrastructure	January 2021	December 2028
Cat Zwicker	Councilor	Real Estate	December 2021	December 2026
John Nielsen	Councilor	Banking	January 2023	December 2026
Kathryn Osborne	Councilor	Marketing	January 2023	December 2026
Jay Patrick	Councilor	Government Information Technology	January 2025	December 2028

Source: City of Redmond.

Key City Administration and Management

The day-to-day affairs of the City are managed by the City Manager.

Keith Witcosky, City Manager. Mr. Witcosky joined the City as City Manager in July 2013. Mr. Witcosky’s experience in public policy, politics, and strategic partnerships spans more than 25 years. He began his career in 1993 working for City of Portland Mayor Vera Katz. He joined the Portland Development Commission (the “PDC”), the urban renewal agency of the City of Portland, in late 1998 and served as PDC’s Deputy Director of Government Relations and Public Affairs. Mr. Witcosky holds a Bachelor of Arts in Political Science/Mass Communication from the University of Denver.

Jason Neff, Deputy City Manager and Chief Financial Officer. Mr. Neff joined the City of Redmond in October 2007. Mr. Neff previously spent five (5) years in corporate finance and financial planning for Defense Contractor Lockheed Martin. Mr. Neff holds a Bachelor of Science in Business-Finance from the University of Colorado-Boulder and a Master of Business Administration-Finance from the University of Denver.

City Staff and Bargaining Units

As of June 2, 2025, the City had 259 full-time employees and three part-time employees. City employees who are eligible under State law to be represented by a labor organization are employed under provisions of negotiated contracts with the two labor organizations. The City enters into written bargaining agreements with each of the labor organizations. The agreements contain provisions on such matters as salaries, vacation, sick leave, medical and dental insurance, working conditions, and grievance procedures. The City has had no labor strikes or stoppages in the past five years.

**TABLE 3
BARGAINING UNITS**

BARGAINING UNIT	Number of Employees	Termination Date of Current Contract
Redmond Police Officers Association	55	6/30/2028
City of Redmond Employee Association/AFSCME #75	82	6/30/2025 ⁽¹⁾

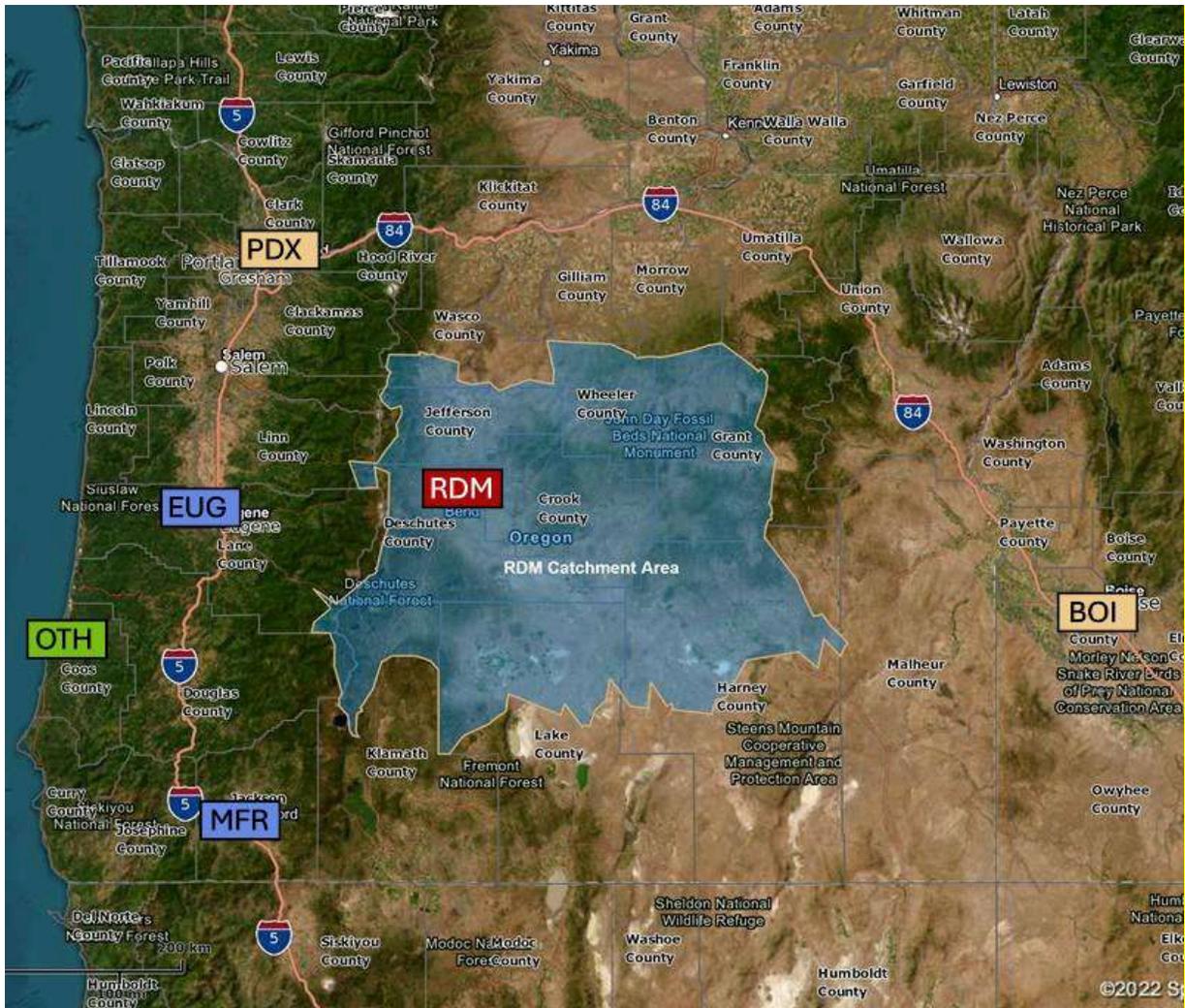
⁽¹⁾ Three bargaining sessions were held in April/May 2025 and two more sessions were scheduled in June 2025. Source: City of Redmond.

THE REDMOND MUNICIPAL AIRPORT

General

The Airport is located approximately two miles southeast of downtown Redmond, Oregon, approximately 16 miles north of Bend, Oregon, 20 miles east of Sisters, Oregon, 20 miles west of Prineville, Oregon, and 20 miles south of Madras, Oregon and serves as the region’s only airport offering commercial flights. It is accessible from state highways 97 and 126. The Airport is the fourth largest commercial service airport in the State.

The Airport serves a catchment area that consists of more than 15,000 square miles, three counties, and 290,000 people, with the Airport retaining 87% of commercial passenger traffic within this catchment area. The Airport currently hosts five airlines (Alaska, American, Avelo, Delta and United) that serve 13 non-stop destinations. These destinations are Los Angeles, Portland, San Diego, San Francisco, Seattle, Phoenix, Burbank, Las Vegas, Sonoma County, Salt Lake City, and Denver, with Dallas Ft. Worth and Palm Springs being additional seasonal flights.



**TABLE 4
REGIONAL AIRPORTS**

AIRPORT	HUB SIZE	CALENDAR YEAR		APPROXIMATE
		2023 ENPLANEMENTS	DRIVE MILES	DRIVE TIME
RDM	Small	558,804	-	-
PDX	Medium	8,123,054	144	2:36
BOI	Medium	2,369,164	332	5:07
EUG	Small	841,919	137	2:29
MFR	Small	478,121	188	3:11
OTH	Non-Hub	19,590	229	4:13

Source: Federal Aviation Administration.

A gauge for economic conditions in the area is Airport activity. During 2024, the Airport set a new record for total enplanements of 617,046, a 7.5% increase over the prior year, which was also a record. Enplanements are up 5.7% in the first quarter of 2025 relative to the prior year's first quarter. The Airport is currently on a growth trajectory that is outpacing the national and Oregon state averages for airport travel.

See APPENDIX B—"ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024" for additional discussion of financial information related to the Airport.

Management of the Airport

The Airport is owned and operated by the City. A nine-member committee (the "Airport Committee") was created on April 9, 1991 by a City ordinance to advise and make recommendations to the City Council regarding issues which concern the development of the Airport, including the study and proposal of measures that are advisable for the expansion and improvement of the Airport, the recommendation of capital improvement projects and the identification of needs at the Airport. The Airport Committee acts in an advisory capacity to the City Council on matters pertaining to airport operations, maintenance, improvements, facilities, and airport activities under the jurisdiction of the City.

The Airport Committee is composed of nine members, including five members appointed by the Mayor and approved by the City Council, one member appointed by the City of Bend, one member appointed by Deschutes County, one member appointed by Jefferson County and one member appointed by Crook County. Members serve terms of four years. The City also instituted the addition of an ex-officio youth member (aged 18 years and under) to help foster interest in aviation for young adults. The ex-officio youth member, which is a non-voting member of the Airport Committee, is appointed by the City's Mayor, without regard to jurisdictional restrictions, to serve a one-year term.

Zachary Bass, A.A.E. C.M., Airport Director. Mr. Bass joined as Airport Director in 2016 and previously spent 10 years as an officer in the United States Air Force. Mr. Bass is responsible for the administration, operation and development of the Airport. Mr. Bass holds a Bachelor of Science in Business from the University of Portland, a Master of Project Management from Penn State, and a Professional Certificate of Executive Leadership and Management from Cornell University.

Steve Juba, Airport Finance and Administration Manager. Mr. Juba joined the City of Redmond in October 2022 with 12 years of financial planning and analysis experience in the public sector, with five (5) in an aviation setting. Mr. Juba holds a Bachelor of Science in Business Administration from Western Oregon University and a Master of Business Administration from Willamette University.

Airport Facilities

The Airport occupies approximately 2,700 acres of land and has two runways and an associated system of taxiways. The primary air carrier runway is Runway 5-23, which is 7,038 feet long and 150 feet wide, with precision instrument approach capability provided at the Runway 23

end. The second runway is Runway 11-29, which is 7,001 feet long and 100 feet wide; this runway is a non-precision instrument runway.

The Airport's existing passenger terminal consists of approximately 141,119 square feet, and includes a basement, main and second floor with six boarding gates and 11 aircraft parking stalls, that currently only allow for aircraft ground boarding. The Terminal Expansion Project is expected to increase the size of the terminal building to approximately 226,255 square feet, which will result in seven jet bridges and four ground loaded gates.

The Terminal Expansion Project

The Terminal Expansion Project includes an additional upper-level concourse (36,000 square feet) with departure lounges, boarding bridges, concessions, and restrooms, with the lower-level (26,000 square feet) to include outbound baggage handling. New electrical and mechanical systems to replace aging infrastructure will allow the processing of passengers and baggage to be safer and more operationally efficient.

The Terminal Expansion Project is being undertaken in response to a terminal area concept plan study, which identified existing congestion and service gaps throughout the terminal. The design provides new space and renovates existing areas throughout the airport. The Terminal Expansion Project, when fully built out, is expected to reduce congestion at ticketing, within the security screening checkpoint, at the departure lounges and at the baggage claim. It will also create space for a safer, more efficient baggage screening system, improve the baggage make-up process and provide space for future entrant airlines.

The Terminal Expansion Project is to be accomplished in several design and development phases, but in a single financing phase. All support components (circulation, restrooms, concessions) are designed such that they meet the needs of the development phase they are within. Near-term phases prepare the facility for long-term sustainability through the improved efficiency of mechanical and electrical systems, the enhancement of the solar photovoltaic (PV) system and the removal of older mechanical and electrical infrastructure to allow for the growth of the ticketing area.

In May 2023, the Airport selected Skanska as the Construction Manager General Contractor ("CMGC") that will be involved in the project from the middle of the design phase (pre-construction) through the end of construction of the final product. Skanska has been in business for 135 years and has provided similar services for many airports across the country. With an office in Bend and servicing the Central Oregon region for almost 30 years, they are familiar with the local construction environment.

As of May 2025, the Airport has completed the design of the Terminal Expansion Project, has awarded construction management to Skanska, and received approval for bid packages #01, #02, and #03. These bid packages include the early procurement of major long lead items, including passenger boarding bridges, site demolition, foundational and structural work, and the mechanical, electrical, and plumbing partners. The total release value of the bid packages, the design and construction administration, and construction management has a guaranteed maximum price of \$168 million. Site enabling work began in early June 2025, with groundbreaking on the terminal in late-July and an estimated project completion date of winter 2027. The City anticipates

one final bid package covering furnishings, interior finishes and interior construction, which is estimated at \$12 million.

The total cost of the Terminal Expansion Project is estimated to be \$180 million and be funded with approximately \$35 million in Airport operating cash, approximately \$55 million in combined state and federal grants, and proceeds of the Series A Bonds. State grants in the amount of \$10 million and federal grants in the amount of \$15 million have been awarded, with \$30 million of federal grants obligated for the Terminal Expansion Project. The City does not currently expect to issue any additional debt for the financing of additional components of the Terminal Expansion Project.

Quick Turnaround Rental Car Facility

The Quick Turnaround Rental Car Facility is designed for the rental car agencies at the Airport to be located at the intersection of SE Airport Way and SW Wickiup Avenue. The Quick Turnaround Rental Car Facility will provide the rental car agencies with a fueling island, lanes dedicated to each agency, up to four detail bays, an automatic carwash, and other site security and considerations. This will also provide the rental agencies with additional staff and overflow parking. For the Airport, the Quick Turnaround Rental Car Facility will reduce rental car traffic and the amount of rental car parking spaces required near the terminal. The Quick Turnaround Rental Car Facility will also minimize traffic on Highway 97 which runs north/south through the middle of the City. The Quick Turnaround Rental Car Facility is estimated to cost \$13.3 million and will be paid for by Customer Facility Charge (CFC) revenue (\$2.3 million) and the proceeds of the Series 2019C Bonds (\$6.0 million) and the Series B Bonds (\$5.0 million).

Passenger Aviation Services

As shown in the table below, there are currently five domestic-passenger airlines providing scheduled passenger service at the Airport, and four airlines providing cargo service at the Airport.

**TABLE 5
AIRLINES SERVING THE AIRPORT
(AS OF JUNE 1, 2025)**

Scheduled Passenger Service	
Signatory Airlines	Signatory Affiliate Airlines
Alaska Airlines (AS) ⁽¹⁾	Envoy Airlines (AA)
American Airlines (AA)	Horizon Airlines (AS) ⁽¹⁾
Avelo Airlines	Sky West Airlines (DL, UA)
Delta Air Lines (DL)	
United Airlines (UA)	
Cargo Service	
	Ameriflight
	Horizon Cargo ⁽¹⁾
	Empire
	United Cargo

⁽¹⁾ D/B/A Alaska Airlines. Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc..

Source: City of Redmond.

The following table provides historical information regarding enplanements, seats per departure and boarding load factors for the five previous calendar years. Since 2019, the Airport has had a domestic enplanement compounded annual growth rate of 4.34%, well over the United States' 1.76% compounded annual growth rate between 2019 and 2023, with an increase of 7.5% from 2023 to 2024. The Airport has had three consecutive years of record passenger activity, which has led to increases in aircraft size, available destinations and daily departures. Even with the regular growth in seats, load factors have remained stable between 80% to 82% over the last three years.

TABLE 6
CITY OF REDMOND AIRPORT (RDM)
HISTORICAL ENPLANEMENT, SEATS PER DEPARTURE AND BOARDING LOAD FACTORS

	Calendar Year				
	2020	2021	2022	2023	2024
Enplanements					
Alaska Airlines	102,356	178,580	202,664	224,306	223,062
Allegiant Air ⁽¹⁾	10,258	8,187	3,987	-	-
American Airlines	22,974	41,430	38,928	42,523	61,076
Avelo Airlines ⁽²⁾	-	9,543	21,688	37,287	51,134
Boutique Air ⁽³⁾	404	1,579	-	-	-
Delta Air Lines	45,803	89,282	105,714	103,834	98,174
Express Jet ⁽⁴⁾	-	656	1,572	-	-
United Airlines	54,750	102,995	151,236	166,283	183,600
Total – Enplanements	236,545	432,252	525,789	574,233	617,046
Change from Prior Year (%)	(52.4)	82.7	21.6	9.2	7.5
Departure Seats					
Alaska Airlines	222,148	250,192	251,863	281,344	278,157
Allegiant Air ⁽¹⁾	28,224	15,270	6,894	-	-
American Airlines	36,945	51,935	43,829	50,199	72,484
Avelo Airlines ⁽²⁾	-	12,620	28,354	46,816	73,933
Boutique Air ⁽³⁾	1,008	2,880	32	16	-
Delta Air Lines	118,822	130,546	128,602	124,768	123,762
Express Jet ⁽⁴⁾	-	1,250	3,900	-	-
United Airlines	102,422	132,666	180,711	202,792	220,908
Total – Seats	509,569⁽⁵⁾	597,359	644,185	705,935	769,244
Change from Prior Year (%)	(21.6)	17.2	7.8	9.6	9.0
Boarding Load Factors					
Alaska Airlines	46.1%	71.4%	80.5%	79.7%	80.2%
Allegiant Air ⁽¹⁾	36.3	53.6	57.8	-	-
American Airlines	62.2	79.8	88.8	84.7	84.3
Avelo Airlines ⁽²⁾	-	75.6	76.5	79.6	69.2
Boutique Air ⁽³⁾	40.1	54.8	-	-	-
Delta Air Lines	38.5	68.4	82.2	83.2	79.3
Express Jet ⁽⁴⁾	-	52.5	40.3	-	-
United Airlines	53.5	77.6	83.7	82.0	83.1

⁽¹⁾ Allegiant Air ceased operations at the Airport effective May 2022.

⁽²⁾ Avelo Airlines began service at the Airport on May 2021.

⁽³⁾ Boutique Air ceased operations at the Airport effective July 2021.

⁽⁴⁾ Express Jet ceased operations at the Airport effective July 2022.

⁽⁵⁾ The Airport saw a 52.6% decrease in enplanements because of the COVID-19 Pandemic, translating into decreased departures.

Source: City of Redmond.

The following table provides landed weight information for passenger airlines, air tankers and all cargo airlines for the five previous calendar years.

**TABLE 7
CITY OF REDMOND AIRPORT
HISTORICAL LANDED WEIGHT
(1,000-pound units)**

Calendar Year	Passenger Airlines	Air Tankers	All-Cargo Airlines	Total	Change From Prior Year (%)
2020	464,734,398	34,240,000	19,801,388	518,775,786	(16.9)% ⁽¹⁾
2021	526,338,624	45,555,000	14,958,196	586,851,820	13.1
2022	582,200,806	30,804,000	13,241,680	626,246,486	6.7
2023	696,207,428	20,419,000	13,250,942	729,877,370	16.5
2024	711,185,251	98,140,000	12,957,110	822,282,361	12.7

⁽¹⁾ The Airport saw a 52.6% decrease in enplanements from the COVID-19 Pandemic, translating into decreased landed weight. Source: City of Redmond.

Cargo and Other Services

The Airport also provides air cargo and general aviation services. The Airport is also home to the Central Oregon Interagency Dispatch Center, Leading Edge Jet Center, Hillsboro Aero Academy, Redmond Air Center and the United States Department of Agriculture (USDA) Forest Service.

The following table reflects the audited financial information of the Airport that is provided to the City and reported in the City’s Annual Comprehensive Financial Report. See also APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024.”

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TABLE 8
CITY OF REDMOND AIRPORT (RDM)
HISTORICAL REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	Fiscal Year				
	2020	2021	2022	2023	2024
Revenues					
Franchise Fees	\$ 6,625	\$ 6,738	\$ 2,403	\$ 4,807	\$ 10,181
Charges for Services	6,864,289	5,454,009	9,464,607	10,755,965	12,873,375
Customer Facility Charges	486,696	370,605	518,484	537,999	596,274
Passenger Facility Charges	1,484,086	1,250,839	1,957,691	2,061,806	2,246,559
Intergovernmental Grants ⁽¹⁾	11,742,529	7,171,490	12,984,186	5,183,487	2,602,844
Contributions	6,880	37,986	7,314	5,592	6,371
Rental Income ⁽²⁾	3,718,723	3,432,107	4,159,771	4,258,822	4,717,868
Interest on Investments	653,109	107,373	(120,569)	1,397,148	1,968,710
Misc.	93,600	65,653	96,650	86,837	252,683
Total Revenues	\$25,056,537	\$17,896,800	\$29,070,537	\$24,292,463	\$25,274,865
Expenditures					
Current					
Personnel Services	\$ 2,708,414	\$ 2,919,472	\$ 3,158,003	\$ 3,701,725	\$ 4,569,725
Materials & Services	4,941,270	4,710,752	5,276,766	6,473,762	6,910,625
Capital Outlay	14,796,357	7,732,653	6,464,655	4,064,363	6,339,370
Debt Service	3,575,299	3,569,497	3,461,492	3,467,251	3,422,706
Total Expenditures	\$26,021,340	\$18,932,374	\$18,360,916	\$17,707,101	\$21,242,426
Revenues Over/(Under) Expenditures	\$(964,803)	\$(1,035,574)	\$10,709,621	\$6,585,362	\$4,032,439
Other Financing Sources (Uses)	14,788	-	2,225	2,526	(543,950)
Net Change in Fund Balance	\$(950,015)	\$(1,035,574)	\$10,711,846	\$6,587,888	\$3,488,489
Beginning Fund Balance	\$27,320,629	\$26,370,616	\$25,335,042	\$36,046,889	\$42,634,777
Ending Fund Balance	\$26,370,614	\$25,335,042	\$36,046,889	\$42,634,777	\$46,123,265
Reconciliation to GAAP					
Investment FMV Adjustment	-	-	-	\$(323,752)	\$(183,726)
Capital Assets, Net of Depreciation	\$132,281,580	\$135,848,781	\$ 137,873,484	137,380,454	139,013,514
Leased Assets, Net	-	-	-	36,416	24,189
SBITA Assets, Net	-	-	-	15,731	127,270
Net OPEB Asset	21,300	17,988	31,374	33,584	28,199
Lease Receivables	-	-	3,129,658	4,853,141	5,170,097
Deferred Outflows - Pensions	800,650	1,045,813	1,138,264	1,246,663	1,409,336
Deferred Outflows - OPEB	8,793	38,360	31,352	51,449	54,788
Deferred Amount on Refunding	214,620	198,111	181,601	165,092	148,583
Deferred Inflows - Pensions	(112,505)	(84,956)	(1,358,250)	(820,036)	(279,760)
Deferred Inflows - OPEB	(41,260)	(35,561)	(39,687)	(28,046)	(22,887)
Deferred Inflows - Lease Receivables	-	-	(3,097,369)	(4,775,888)	(4,989,423)
Bond Premium Costs	(3,691,029)	(3,421,061)	(3,151,093)	(2,881,125)	(2,611,157)
Accrued Interest Payable	(261,637)	(249,809)	(90,494)	(108,191)	(97,406)
Compensated Absences	(144,927)	(151,005)	(184,880)	(225,224)	(259,295)
Net Pension Liability	(2,167,795)	(2,993,730)	(1,722,176)	(2,641,944)	(3,501,262)
OPEB Liability	(113,294)	(141,918)	(165,367)	(187,378)	(215,591)
Lease Liabilities	-	-	-	(36,879)	(24,893)
SBITA Liabilities	-	-	-	(16,073)	(89,530)
Long-Term Debt	(34,432,633)	(32,369,597)	(30,340,554)	(28,229,745)	(25,468,439)
Net Position, Ending	\$118,732,477	\$123,036,458	\$138,282,752	\$146,143,026	\$154,355,872

⁽¹⁾ Intergovernmental grants are primarily reimbursement-basis grants from the Federal Aviation Administration. These grants primarily fund capital projects at the airport.

⁽²⁾ Rental income includes land/building leases, Forest Service, rental car lot fees, airside leases, rental car commissions, terminal aeronautical/non-aeronautical, tiedowns and T-hangers.

Airport Revenues

Airport revenues consist of airline revenues (amounts received from passenger air carriers for services provided by the Airport) and non-airline revenues (including revenues received from parking operations, rental car concessions, terminal concessions, general aviation users, air cargo operators and other tenants and users of the airport).

Current airline agreements provide for rates set by City resolution determined by rate modeling. The current rates and charges for terminal operations and maintenance is structured in the form of a per square foot rate for exclusive space and a per passenger fee for the baggage claim and departure lobby areas of the Airport. Under the current airline agreements, approximately 7,453 square feet is considered exclusive space for the airlines. The current rates and charges for airfield operations and maintenance is structured in the form of landing fees, currently set at \$3.36 per 1,000 pounds of landed weight and adjusted annually. This fee also covers aircraft rescue and firefighting costs. Certain additional revenue sources discussed in the next paragraph help offset and lower landing fees.

Beginning post-occupancy of the Terminal Expansion Project, the airline operating agreements update the methodology of the rates and charges for landing fees, terminal rental rates, and joint use fees. The new methodology will utilize a residual hybrid model, as opposed to the rates by resolution that are currently used by the Airport. There are three significant changes to the methodologies: net parking revenue sharing; debt service inclusion and the reimbursement of major capital equipment, amortized over the depreciable life of the asset. Terminal and airfield debt will now be included in the rental rates and landing fees, respectively, and will be partially offset by net parking revenues to maintain a lower cost per enplanement. This is expected to result in roughly 44% of existing and new terminal and airfield debt obligations being reimbursed by the airlines as part of the updated rates and charges. Support of the Terminal Expansion Project and new airline rates and charges methodology is acknowledged by the airline partners and included as an amendment to the current operating agreement.

Additional sources of non-airline revenues at the Airport include gate access fees paid by ground transportation providers; building, land and airside leases including T-hangar rentals and leases of six different properties to the U.S. Forest Service; advertising; operations and maintenance fees set on a per square foot rate for exclusive space and per passenger rate for non-exclusive space; fuel flowage fees, and supplemental security fees.

The City expects to pay the debt service on the Bonds from revenues of the Airport, to the extent they are available. **However, the Bonds are not secured by a pledge of, or lien on, the revenues of the Airport, and registered owners of the Bonds will not have a lien or security interest in such revenues.**

Passenger Facility and Customer Facility Charges

Under the Aviation Safety and Capacity Expansion Act of 1990, as amended (the “PFC Act”), the Federal Aviation Administration (“FAA”) may authorize a public agency that controls an airport to impose a passenger facility charge (“PFC”) of up to \$4.50 for each qualifying enplaned passenger at such airport to be used to finance eligible airport-related projects. The Airport is currently authorized to collect a PFC of \$4.50 per passenger per flight segment. This charge is used to fund FAA-approved projects that enhance safety, security, or capacity, reduce

noise, or increase air carrier competition. The Series A Bonds are expected to be paid in part by PFCs, along with general revenues of the Airport. **However, the Bonds are not secured by a pledge of, or lien on, such revenues, and registered owners of the Bonds will not have a lien or security interest in such revenues.** See “The AIRLINE INDUSTRY—Considerations Regarding Passenger Facility Charges.”

The existing PFC application, dedicated to the previous terminal expansion in 2009, will continue to be funded to the end of December 2026. The City is currently preparing for the upcoming application, to be dedicated to the Terminal Expansion Project, and will begin the formal preparation alongside engineering firm Morrison-Maierle once the terms of the financing related to the Series A Bonds are finalized.

The City has also established a Customer Facility Charge (“CFC”) for each day a vehicle is rented at the Airport for up to but not to exceed seven days. The CFC is currently set at \$5 per day. CFCs are collected by rental car companies and remitted to the City on a monthly basis. Funds received from CFCs are required to be used for the construction of new and ancillary rental car facilities, services and associated infrastructure for airport rental car companies; to replace or remodel existing airport rental car facilities, to pay the City’s costs for financing, planning, designing, managing, constructing and improving airport rental car facilities; to fund debt service for such improvements and for other related purposes the City deems necessary and appropriate. The Series B Bonds are expected to be paid in part by CFCs, along with general revenues of the Airport. **However, the Bonds are not secured by a pledge of, or lien on, such revenues, and registered owners of the Bonds will not have a lien or security interest in such revenues.**

Federal Funding for the Airport

The Airport receives certain federal funds including from the federally funded Airport Improvement Program (“AIP”). The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated based on specific set-asides and the national priority ranking system). The Airport received \$588,713 in AIP funds in Fiscal Year 2023-24 and expects to receive \$1,291,810 in Fiscal Year 2024-25 and \$3,762,000 in Fiscal Year 2025-26, and such funds will be used for the Terminal Expansion Project. The Airport also has been awarded and anticipates receiving a total of \$3,423,535 in funds from the Airport Terminal Program (competitive funding for airport terminal projects, included in the Infrastructure Investment and Jobs Act (Public Law 117-58)) in Fiscal Year 2024-25 and \$3,576,465 in Fiscal Year 2025-26. Overall, the City’s budget for Fiscal Year 2025-26 anticipates federal grant funding totaling approximately \$10 million for the Terminal Expansion Project, all of which has been obligated. See “REVENUE SOURCES—Federal Funding” and “CERTAIN RISK FACTORS FOR THE CITY—Federal Funding Risks.”

Days Cash on Hand

The Airport currently has 1,081 days cash on hand. However, the Airport expects this to decline as the Airport Expansion Projects progress and the new airline operating agreements are effective in Fiscal Year 2027-28. Once the Terminal Expansion Project is complete, the City is targeting the Airport Fund to have a minimum of 300 days of cash on hand at the end of each fiscal year.

CITY FINANCIAL INFORMATION

Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary funds financial statements. An economic resource focus concentrates on an entity or fund’s net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurements 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. The City’s accounting practices conform to GAAP.

Independent Audit Requirement

In accordance with the Oregon Municipal Audit Law (ORS 297.405 to 297.555) and ORS 297.990 an audit is conducted at the end of each fiscal year by independent certified public accountants. This requirement has been complied with and the financial statements have received an “unqualified opinion” from the auditors. Such an opinion indicates there was no limitation on the scope of the auditor’s examination and the financial statements were prepared in accordance with GAAP.

The City’s audits for the Fiscal Years ended 2020 through 2024 were performed by Dickey and Tremper, LLP, Pendleton, Oregon (the “Auditor”). The City’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 is included in APPENDIX B.

THE AUDITOR HAS NOT BEEN ENGAGED TO PERFORM, AND HAS NOT PERFORMED, SINCE THE DATE OF ITS REPORT INCLUDED HEREIN, ANY PROCEDURES ON THE FINANCIAL STATEMENTS ADDRESSED IN THAT REPORT. THE AUDITOR ALSO HAS NOT PERFORMED ANY PROCEDURES RELATING TO THIS OFFICIAL STATEMENT.

Combined General Fund and Discretionary Funds

The Combined General Fund presentation in the audited financials includes the General sub-fund and the Police Fund, which are discretionary and three (3) sub-funds (Central Services, Information Technology, Risk Management) and the Engineering Fund, which are non-discretionary. The City has other discretionary sub-funds not included in the Combined General Fund such as Transportation Operations, Parks Operations, Community Development Department (CDD) - Operations and CDD - Long-Range Planning which are considered a part of the City’s General Operating Funds, along with the Police Operations sub-fund and General sub-fund. The General Operating Funds are what the City focuses on for their purposes of its financial policies and are generally available to make payments on the City’s Full Faith and Credit Bonds.

The following tables reflect the City's Net Position and Changes in Net Position for the last five years.

TABLE 9
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
(in \$000)

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
ASSETS:					
Current and other assets	\$ 50,436	\$ 57,867	\$ 68,728	\$117,512	\$126,333
Capital assets	133,336	139,273	145,520	156,943	173,402
TOTAL ASSETS	<u>\$183,772</u>	<u>\$197,140</u>	<u>\$214,248</u>	<u>\$274,454</u>	<u>\$299,735</u>
DEFERRED OUTFLOW OF RESOURCES					
	<u>\$6,476</u>	<u>\$7,919</u>	<u>\$8,800</u>	<u>\$8,612</u>	<u>\$9,865</u>
LIABILITIES:					
Current liabilities	\$ 7,661	\$10,965	\$12,176	\$12,686	\$15,388
Noncurrent liabilities	39,191	42,416	31,650	79,963	83,300
TOTAL LIABILITIES	<u>\$46,852</u>	<u>\$53,381</u>	<u>\$43,825</u>	<u>\$92,649</u>	<u>\$98,688</u>
DEFERRED INFLOW OF RESOURCES					
	<u>\$1,148</u>	<u>\$835</u>	<u>\$10,677</u>	<u>\$5,765</u>	<u>\$2,135</u>
NET POSITION:					
Invested in capital assets, net of related debt	\$110,914	\$118,361	\$125,666	\$150,669	\$161,716
Restricted	30,887	32,427	36,089	26,017	29,656
Unrestricted	447	56	6,791	7,966	17,405
TOTAL NET POSITION	<u>\$142,248</u>	<u>\$150,843</u>	<u>\$168,546</u>	<u>\$184,652</u>	<u>\$208,777</u>

Source: City of Redmond, Audited Financial Statements, 2020-2024.

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TABLE 10
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
(in \$000)

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
REVENUES:					
Program Revenues:					
Charges for services	\$ 8,697	\$ 9,827	\$ 9,727	\$10,127	\$11,842
Grants and contributions	18,756	15,061	17,327	16,966	25,020
General Revenues:					
Taxes	13,438	14,297	14,945	18,450	19,587
Franchise fees	5,382	6,015	6,692	7,436	8,574
Investment interest	916	291	(234)	2,666	4,894
Gain (loss) on Sale of Assets	-	-	3,197	61	41
TOTAL REVENUES	<u>\$47,190</u>	<u>\$45,491</u>	<u>\$51,655</u>	<u>\$55,705</u>	<u>\$69,959</u>
EXPENSES:					
General government	\$1,225	\$1,617	\$1,192	\$1,352	\$1,480
Public safety	11,302	11,393	11,288	12,305	14,925
Highway and streets	8,262	9,057	9,832	10,393	12,395
Culture and recreation	3,557	3,698	3,926	4,866	5,790
Community development	5,723	6,783	4,815	6,429	6,184
Engineering services	1,572	1,728	1,558	1,825	1,890
Interest on long-term debt	871	828	665	2,099	2,383
TOTAL EXPENSES	<u>\$32,511</u>	<u>\$35,104</u>	<u>\$33,275</u>	<u>\$39,270</u>	<u>\$45,047</u>
Increase (decrease) in net position before transfers and special items	\$14,680	\$10,387	\$18,380	\$16,436	\$24,912
Transfers	(446)	(643)	(677)	(330)	(787)
Special items	-	(708)	-	-	-
Increase in net position	<u>\$14,234</u>	<u>\$9,036</u>	<u>\$17,703</u>	<u>\$16,106</u>	<u>\$24,125</u>
Net Position – July 1	\$128,014	\$141,807	\$150,843	\$168,546	\$184,652
Prior Period Adjustment ⁽¹⁾	(440)	-	-	-	-
TOTAL NET POSITION	<u>\$141,807</u>	<u>\$150,843</u>	<u>\$168,546</u>	<u>\$184,652</u>	<u>\$208,777</u>

⁽¹⁾ A prior period adjustment was made during within the FY 2021 ACFR, in relation to FY 2020.
Source: City of Redmond, City Audited Financial Statements, 2020 - 2024.

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The following table reflects the Combined General Fund Balance Sheets for the last five years.

**TABLE 11
COMBINED GENERAL FUND BALANCE SHEETS**

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24⁽¹⁾</u>
ASSETS:					
Cash and cash equivalents	\$3,740,526	\$ 8,827,866	\$11,921,242	\$ 1,908,836	\$ 1,549,230
Investments	3,038,381	2,992,826	3,110,236	12,576,936	16,920,119
Receivables					
Property taxes	266,404	234,232	230,288	244,186	279,493
Intergovernmental	300,210	238,576	248,833	182,987	319,717
Accounts, net	645,102	786,062	921,419	864,251	782,894
Assessments	-	-	309,825	309,846	40,202
Leases	-	-	95,415	88,056	80,558
Advances to other funds	-	20,000	-	-	-
Prepaid items	17,950	44,575	112,769	226,844	332,228
TOTAL ASSETS	<u>\$8,008,573</u>	<u>\$13,144,137</u>	<u>\$16,950,027</u>	<u>\$16,401,942</u>	<u>\$20,304,441</u>
LIABILITIES:					
Accounts payable	\$1,709,590	\$1,365,061	\$1,506,862	\$1,038,507	\$1,180,087
Deposits	134,340	794,670	517,914	470,687	297,662
Unearned revenue	-	2,931,535	3,618,626	3,578,927	3,590,887
TOTAL LIABILITIES	<u>\$1,843,930</u>	<u>\$5,091,266</u>	<u>\$5,643,402</u>	<u>\$5,088,121</u>	<u>\$5,068,636</u>
DEFERRED INFLOWS:					
Lease receivables related	\$ -	\$ -	\$ 94,574	\$ 86,350	\$ 78,126
Unavailable revenue	353,269	367,297	736,244	730,365	737,101
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$353,269</u>	<u>\$367,297</u>	<u>\$830,818</u>	<u>\$816,715</u>	<u>\$815,227</u>
FUND BALANCES:					
Non-spendable	\$ 17,950	\$ 64,575	\$ 112,769	\$ 226,843	\$ 332,228
Restricted	51,975	135,483	77,252	234,400	194,087
Assigned	2,915,994	2,710,237	3,149,587	2,852,903	2,749,661
Unassigned	2,825,455	4,775,279	7,136,199	7,182,960	11,144,602
TOTAL FUND BALANCES	<u>\$5,811,374</u>	<u>\$7,685,574</u>	<u>\$10,475,807</u>	<u>\$10,497,106</u>	<u>\$14,420,578</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$8,008,573</u>	<u>\$13,144,137</u>	<u>\$16,950,027</u>	<u>\$16,401,942</u>	<u>\$20,304,441</u>

⁽¹⁾ Starting in Fiscal Year 2024, the Police and Engineering Funds have been combined with the General Fund for reporting purposes.

Source: City of Redmond, City Audited Financial Statements, 2020-2024.

The following table reflects the Combined General Fund Statement of Revenues, Expenditures and Changes in Fund Balance for the last five years.

**TABLE 12
COMBINED GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24⁽¹⁾</u>
REVENUES:					
Property taxes	\$10,119,249	\$10,832,664	\$11,887,816	\$12,688,662	\$13,405,217
Transient lodging taxes	891,565	1,115,611	1,488,087	1,645,423	1,652,985
Franchise fees	3,540,265	3,805,433	4,034,777	4,568,097	4,953,711
Assessments	-	-	-	1,195	154,195
Licenses and fees	22,720	19,208	34,080	32,223	34,336
Charges for services	1,638,271	2,254,937	2,364,176	2,104,016	2,540,299
Intergovernmental	1,586,765	1,628,406	3,647,174	1,552,257	1,473,316
Fines and forfeitures	160,979	132,465	133,854	159,310	131,885
Rental income	130,189	133,926	136,074	134,875	134,402
Interest on investments	177,451	56,899	(48,053)	610,272	975,215
Miscellaneous	119,764	122,664	154,903	143,345	201,510
TOTAL REVENUES	<u>\$18,387,218</u>	<u>\$20,102,213</u>	<u>\$23,832,888</u>	<u>\$23,639,675</u>	<u>\$25,657,071</u>
EXPENDITURES:					
General government	\$484,503	\$793,045	\$640,857	\$338,244	\$235,441
Public safety	10,011,845	9,922,075	11,174,747	12,271,884	13,985,873
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Engineering services	1,366,865	1,479,320	1,629,637	1,770,435	1,818,275
Capital outlay	172,228	237,336	365,768	908,803	742,229
Debt service	375,339	374,825	411,181	723,997	711,113
TOTAL EXPENDITURES	<u>\$12,410,780</u>	<u>\$12,806,601</u>	<u>\$14,222,190</u>	<u>\$16,013,363</u>	<u>\$17,492,931</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$5,976,438</u>	<u>\$7,295,612</u>	<u>\$9,610,698</u>	<u>\$7,626,312</u>	<u>\$8,164,140</u>
OTHER FINANCING SOURCES (USES):					
Sale of property	\$160,078	\$383	\$3,205,782	\$31,025	\$18,060
Lease financing	-	-	158,771	363,095	-
Transfers in ⁽²⁾	9,534,332	9,396,238	11,097,319	11,810,195	16,786,296
Transfers out ⁽²⁾	(14,217,162)	(14,818,033)	(21,282,337)	(19,809,329)	(21,045,023)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$(4,522,752)</u>	<u>\$(5,421,412)</u>	<u>\$(6,820,465)</u>	<u>\$(7,605,014)</u>	<u>\$(4,240,667)</u>
NET CHANGE IN FUND BALANCES	<u>\$1,453,686</u>	<u>\$1,874,200</u>	<u>\$2,790,233</u>	<u>\$21,298</u>	<u>\$3,923,473</u>
FUND BALANCE -- BEGINNING OF YEAR	<u>\$4,357,688</u>	<u>\$5,811,374</u>	<u>\$7,685,574</u>	<u>\$10,475,808</u>	<u>\$10,497,105</u>
FUND BALANCE -- END OF YEAR	<u>\$5,811,374</u>	<u>\$7,685,574</u>	<u>\$10,475,808</u>	<u>\$10,497,105</u>	<u>\$14,420,578</u>

⁽¹⁾ Starting in Fiscal Year 2024, the Police and Engineering Funds have been combined with the General Fund for reporting purposes.

⁽²⁾ Transfers occurring within the combined general fund are included in these figures. Amounts offset within the fund.

Source: City of Redmond, City Audited Financial Statements, 2020-2024.

The City does not expect material changes to the Combined General Fund’s financial position in Fiscal Year 2024-25. As of June 18, 2025, the Combined General Fund’s ending balance is projected to be approximately \$14.2 million at the end of Fiscal Year 2024-25.

Budgeting Process

The City prepares an annual budget in accordance with provisions of the Oregon Local Budget Law (ORS 294.305 to ORS 294.565, inclusive), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

The City’s administrative staff evaluates the budget requests of the various departments of the City to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of the City Council and lay members. After giving due consideration to the input received from the citizens, the City Council adopts the budget, authorizes the levying of taxes, and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the City Council pursuant to ORS 294.471.

Combined General Fund Budgets

To improve transparency and tracking efficiency, the Internal Services Fund was created in the Fiscal Year 2025-26 budget to account for the City’s internal departments which provide support services across the organization. The new fund consists of the following sub-funds: Central Services (formerly in the General Fund), Information Technology (IT) (formerly in the General Fund), Risk Management (formerly in the General Fund), Public Works Administration (formerly in the Transportation Fund), Fleet Services (formerly in the Transportation Fund) and Facilities Maintenance (formerly in the Parks Fund). This change has no impact on the City’s financial position, yet the Adopted Combined General Fund Budget table below shows significant variances between Fiscal Years 2024-25 and 2025-26 as a result of this change.

The table below shows the adopted Combined General Fund Budgets for the most recent and current fiscal years. The City adopted the budget for Fiscal Year 2025-26 on June 10, 2025.

TABLE 13
ADOPTED COMBINED GENERAL FUND BUDGETS
(NON-GAAP BUDGETARY BASIS)⁽¹⁾

	2024-25 Adopted Budget	2025-26 Adopted Budget ⁽²⁾
RESOURCES:		
Property taxes	\$14,198,101	\$14,870,495
Transient lodging taxes	1,857,851	1,892,161
Franchise fees	5,477,519	5,726,551
Licenses and fees	33,110	30,447
Charges for services	11,446,338	2,200,098
Intergovernmental	5,382,291	1,490,521
Rental income	142,984	5,412
Fines and forfeitures	151,200	151,200
Interest on investments	640,300	442,125
Miscellaneous	71,500	54,500
Sale of Property	20,000	20,000
Transfers	15,304,647	16,773,636
Total Current Resources	<u>\$54,725,841</u>	<u>\$43,657,146</u>
Beginning Fund Balance ⁽³⁾	<u>\$13,903,885</u>	<u>\$13,813,190</u>
TOTAL RESOURCES	<u>\$68,629,726</u>	<u>\$57,470,336</u>
EXPENDITURES:		
General Government	\$10,885,267	\$ 1,840,806
Engineering	2,554,243	2,149,617
Public Safety	15,686,031	16,886,472
Capital outlay	714,700	605,000
Debt service	370,645	2,944
Transfers ⁽⁴⁾	26,017,986	24,696,388
Contingency	2,986,807	3,370,611
Unappropriated Reserve	9,414,047	7,918,498
TOTAL EXPENDITURES	<u>\$68,629,726</u>	<u>\$57,470,336</u>

⁽¹⁾ Includes the General Fund, Police Fund and Engineering Fund which are budgeted separately. Funds have been combined to show similar presentation as the audited financials.

⁽²⁾ Resources and Expenditures for Internal Services (Central Services, Information Technology and Risk Management) are removed from the General Fund in Fiscal Year 2025-26 and are budgeted in a separate Internal Services Fund.

⁽³⁾ Includes \$961,634 to be transferred from prior year Internal Services Sub-Funds within the General Fund to a separate Internal Services Fund.

Source: City of Redmond.

Investment Policy

Oregon Revised Statutes and the City's investment policy authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade corporate indebtedness, and the State of Oregon Local Government Investment Pool. As of March 31, 2025, the City had approximately \$181 million in cash and investments for all City funds, including enterprise funds (\$13 million in cash equivalents, \$27 million in the State of

Oregon Local Government Investment Pool, \$4 million in Corporate Bonds/Commercial Paper, and \$137 million in Treasury Obligations).

Pension Plan

General. The City participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System (“PERS” or the “System”). After six full months of employment, all City employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the “Tier 1” and “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/ T2 Pension Program employee (participant) contributions fund individual retirement accounts under the separate defined contribution program known as the Individual Account Program (the “IAP”). Participant contributions may be paid by the employee or the employer, depending on the individual contract negotiated between the two. See “Employer Contribution Rates” herein.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years; however, valuations are currently performed annually as of December 31. The Oregon Public Employees Retirement System Board (the “PERB”) uses the actuarial valuation as of December 31 of odd numbered years to establish the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program (“RHIA”) described herein. Valuations as of December 31 of even-numbered years (such as 2022 and 2024) are used for advisory purposes only. Actuarial valuations are performed for the entire System (the “System Valuation”), and for each participating employer in the SLGRP (defined herein), including the City (the “City Valuation”). Valuations are released nine to eleven months after the valuation date. PERS' current actuary is Milliman, Inc. (“Milliman”).

<u>Valuation Date</u>	<u>Release Date</u>	<u>Rates Effective</u>
December 31, 2021	September 2022	July 1, 2023 – June 30, 2025
December 31, 2022	December 2023	Advisory only
December 31, 2023	October 2024	July 1, 2025 – June 30, 2027

Current contribution rates are based on the System’s actuarial valuation report as of December 31, 2021 (the “2021 System Valuation”) and the City’s actuarial valuation report of as December 31, 2021 (the “2021 City Valuation”). Those rates will extend through June 30, 2025. The actuarial valuation reports as of December 31, 2023, for the System (the “2023 System

Valuation”) and the City (the “2023 City Valuation”), which were released in October 2024, provide contribution rates for the 2025-2027 biennium. See “—City Contribution Rates” below.

Actuarial Assumptions. The table below summarizes the adopted methods and assumptions used as the basis for the 2023 System Valuation and the 2023 City Valuation upon which contribution rates for the 2025-2027 Biennium are based.

**TABLE 14
ACTUARIAL ASSUMPTIONS AND METHODS**

Assumption/ Method	2023 Valuation (2025-2027 Contribution Rates)
Actuarial Cost Method	Entry-Age Normal
T1/T2 Programs UAL Amortization Method	Level Percentage of Payroll over 20 years (fixed)
OPSRP UAL Amortization Method	Level Percentage of Payroll over 16 years (fixed)
Asset Valuation Method	Market Value ⁽¹⁾
Investment Rate of Return	6.90%
Payroll Growth Rate	3.40%
Inflation Level	2.40%
Contribution Rate Stabilization Method	The contribution rate stabilization method, also referred to as the rate collar (the “Rate Collar”), is applied separately to OPSRP and to each Tier 1/Tier 2 experience sharing pool (State and Local Government Rate Pool, School Districts) and independent employers. The Rate Collar will be applied as a fixed percentage of payroll, with a limit of 3 percent of pay for the Tier 1/Tier 2 UAL rate and 1 percent of pay for OPSRP UAL rate. Further, reductions in the UAL rate would be eliminated if the pool’s funded status (excluding side accounts) is 87% or lower. If the funded status reaches 88%, the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, at which point the full reduction would be permitted.

⁽¹⁾ Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

System Funded Status & UAL. The table below includes the UAL and funded status for the System and the pool in which the City participates from the five most recent actuarial valuations.

TABLE 15
UNFUNDED ACTUARIAL LIABILITY AND FUNDED STATUS OF THE SYSTEM ⁽¹⁾
(\$ in millions)

<u>Valuation Date</u>	<u>System UAL</u>	<u>System Funded Status</u>	<u>SLGRP UAL</u>	<u>SLGRP Funded Status</u>
12/31/2019 ⁽²⁾	\$24,603.5	72.5%	\$12,738.0	71.1%
12/31/2020 ⁽³⁾	28,044.4	70.6	14,501.3	68.7
12/31/2021	20,038.2	79.6	10,893.3	77.0
12/31/2022	28,032.9	72.8	14,126.9	70.6
12/31/2023	29,381.3	72.4	14,681.8	69.9

⁽¹⁾ Does not take into account offsets for deposits made by individual employers from pension bond proceeds or cash on hand in side accounts.

⁽²⁾ Adjusted to take into account actuarial assumption and method changes including the potential effect of Senate Bill 1049.

⁽³⁾ Adjusted to take into account actuarial assumption and method changes adopted by the PERB on October 1, 2021.

Source: System Valuations and PERS

The funded status of PERS and of the City as reported by Milliman will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees Retirement Fund (“OPERF”) is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERB.

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer’s UAL is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

City UAL. For the T1/T2 Pension Programs, the City is pooled with the State and Oregon local government and community college public employers (the “State and Local Government Rate Pool” or “SLGRP”). The City’s portion of the SLGRP's assets and liabilities is based on the City’s proportionate share of the SLGRP's pooled payroll (the “City Allocated T1/T2 UAL”). Changes in the City’s relative growth in payroll will cause the City Allocated T1/T2 UAL to shift. The City Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP’s assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City’s allocated share of OPSRP’s assets and liabilities is based on the City’s proportionate share of OPSRP’s pooled payroll (the “City Allocated OPSRP UAL”). Changes in the City’s relative growth in payroll will cause the City Allocated OPSRP UAL to shift.

The City has not issued pension obligation bonds and has not established a side account with PERS.

The City’s net unfunded pension UAL is the total of the City Allocated T1/T2 UAL and the City Allocated OPSRP UAL. The City’s net unfunded pension UAL as reported in the City’s actuarial valuation report as of December 31, 2022 (the “2022 City Valuation”) and as reported in

the City’s actuarial valuation report as of December 31, 2023 (the “2023 City Valuation”) is shown in the following table.

**TABLE 16
CITY NET UNFUNDED PENSION UAL**

	<u>2019 Valuation</u>	<u>2020 Valuation</u>	<u>2021 Valuation</u>	<u>2022 Valuation</u>	<u>2023 Valuation</u>
Allocated pooled SLGRP T1/T2 UAL	\$27,098,527	\$31,097,163	\$23,330,079	\$ 32,310,230	\$ 32,916,977
Transition liability / (surplus)	(3,902,303)	(3,434,496)	(2,968,835)	(2,476,946)	(1,909,280)
Allocated pooled OPSRP UAL	<u>2,367,272</u>	<u>3,132,512</u>	<u>1,967,600</u>	<u>4,637,681</u>	<u>5,400,556</u>
Net unfunded pension actuarial accrued liability	\$25,563,496	\$30,795,179	\$22,328,844	\$ 34,470,965	\$ 36,408,253

Source: 2019 -2023 City Valuations.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute 6 percent of their annual salary to the IAP. Employers are allowed to pay the employee contribution in addition to the required employer’s contribution. See “City Contributions” below.

Contribution Rate Collar. The PERB uses a rate collar to limit increases in employer contribution rates from biennium to biennium (the “Rate Collar”). The Rate Collar limits increases (or decreases) in employer contribution rates before rate reductions from side accounts are deducted and does not cover charges associated with RHIA and Retiree Health Insurance Premium Account (“RHIPA”). For employers participating in either the School District pool or the State and Local Government Retirement Pool (the “SLGRP”), the collar will be applied as a fixed percentage of payroll, with a limit of 3% of pay for the Tier 1/Tier 2 UAL rate and 1% of pay for OPSRP rate. Further, reductions in the UAL rate would be eliminated unless funded level thresholds of at least 88 percent is reached, at which point a portion of the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, at which point the full reduction would be permitted. A wider rate collar was adopted for independent employers such as the City who do not participate in either the School District pool or the SLGRP.

City Contribution Rates. The City’s current employer contribution rates for the current 2023-2025 biennium, as established by the City’s actuarial valuation report as of December 31, 2021 (the “2021 City Valuation”), and contribution rates for the 2025-2027 biennium from the 2023 City Valuation are provided in the following table.

**TABLE 17
CITY PENSION CONTRIBUTION RATES**

	2023-2025 Biennium			2025-2027 Biennium		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	17.12%	9.89%	14.68%	17.56%	10.47%	15.74%
T1/T2 UAL Rate ⁽¹⁾	12.46	12.46	12.46	12.46	12.46	12.46
OPSRP UAL Rate	1.69	1.69	1.69	2.69	2.69	2.69
Pre-SLGRP pooled liability rate	0.00	0.00	0.00	0.00	0.00	0.00
Transition liability/(surplus) rate ⁽²⁾	(3.46)	(3.46)	(3.46)	(1.27)	(1.27)	(1.27)
Member redirect offset ⁽³⁾	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA)	0.00	0.00	0.00	0.00	0.00	0.00
Total net contribution rate	25.56%	20.08%	24.87%	29.10%	23.76%	29.03%

Source: 2021 City Valuation and 2023 City Valuation, PERS.

⁽¹⁾ Includes any impact of rate collar developed in system-wide actuarial valuation report. Does not include Multnomah Fire District #10 UAL Rate of 0.06%.

⁽²⁾ The transition liability rate shown may be reduced by such that the net pension contribution rate does not go below 0.00%

⁽³⁾ Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier One/Tier Two and 0.75% of payroll for OPSRP) will offset employer contribution rate. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.

Employer contribution rates consist of a normal cost rate, offset by any UAL Side Account and a rate to amortize the UAL of the System, and the City is responsible for its allocable portion of these costs.

City Contributions. The City’s historic annual contributions to PERS are provided in the following table.

**TABLE 18
CITY PENSION CONTRIBUTIONS**

Fiscal Year	City Contribution ⁽¹⁾
2020	\$3,535,595
2021	3,611,906
2022	4,043,135
2023	4,931,629
2024	5,707,535
2025 ⁽²⁾	6,125,292

⁽¹⁾ The City contribution includes all pension costs paid by the City, including the 6 percent employee contribution.

⁽²⁾ Estimated.

Source: City of Redmond.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 (“GASB 67”), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. The System is subject to GASB 67; each participating employer, including the City is subject to GASB 68. GASB 68 was incorporated in

the City's financial statements beginning in Fiscal Year 2015. PERS contracted with Milliman to provide information for local governments to use in their financial statements.

Other Postemployment Benefits

GASB 75. GASB 75 requires the City to determine the extent of its liabilities for other postemployment benefits ("OPEB") and record the liability in its financial statements on an actuarial basis.

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. Participating governments are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.00% of annual covered payroll for Tier 1 and Tier 2 employees and 0.00% for OPSRP employees. The PERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for Fiscal Years 2024, 2023, and 2022 were \$68, \$1,322, and \$2,006, respectively. As of December 31, 2023, this program had a UAL (surplus) of approximately \$(400.1) million. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled payroll. According to the 2023 City Valuation, the City's allocated share of the RHIA program's UAL was \$(527,419).

Implicit Subsidy. Under ORS 243.303, the City is required to offer the same healthcare benefits for current City employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. This is considered an "implicit subsidy" and requires that the corresponding liability be determined and reported. The City does not pay for any explicit retiree OPEB and only has a non-PERS OPEB liability based on the implicit subsidy. The City had 8 retired members and 209 active members in its plan on July 1, 2022, the date of its most recent actuarial valuation. The City's total OPEB liability of \$1,513,698 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

For more details, see section "IV. Other Information – C. Other Post-Employment Benefits," of the Notes section of the City's audited financial statement for Fiscal Year 2024, attached hereto as Appendix B.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for the risk of loss including workers' compensation, property damage, general liability, automobile liability, boiler and machinery, inland marine and fidelity

bonding. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

The City established a risk management fund to account for the payment of property and casualty liability insurance premiums, claims for unemployment and the first \$1,700 of each workers' compensation claim. The costs associated with the property and casualty liability insurance are reported as interfund transactions to the extent of the amounts of the estimated premium per fund. The costs for unemployment and workers' compensation are funded through operating transfers from other funds. Unemployment and workers' compensation insurance claims are expensed as incurred, but are generally not substantial.

REVENUE SOURCES

The following section summarizes certain of the major revenue sources of the City.

Property Taxes

Most local governments, school districts, education service districts, and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. The City does not currently have a Local Option Levy and has no current plans to seek voter approval of a Local Option Levy.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local governments located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property - Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture, and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories, or intangible property such as stocks, bonds, or bank accounts, except for certain transportation,

airlines, communication and energy companies which are centrally assessed by the Oregon Department of Revenue, for which intangible personal property is subject to taxation. Forestland is subject to special assessment that provides a reduction in property tax that would be paid if based on the real market value.

Property used for charitable, religious, fraternal, and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property - Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 by a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property a value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland, and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value, and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation - Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2024-25, there was \$65,485 of compression of the City's Permanent Rate due to the tax rate limitation.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. Property taxes imposed to pay the principal of and interest of the Bonds are subject to the limitations of Article XI, Sections 11 and 11b.

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Exemption Programs. Oregon law authorizes a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit-oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor. See “ECONOMIC AND DEMOGRAPHIC INFORMATION—Economic Overview” below for a description of an enterprise zone within the City.

The City has ten standard and four extended incentive contracts with brewers, food processors, manufacturers and freight carriers for which the City’s abated tax portion is estimated to be \$216,328 for Fiscal Year 2024. For more details on property tax exemption programs within the City, see section “IV. Other Information – G. Tax Abatement Disclosures,” of the Notes section of the City’s audited financial statement for Fiscal Year 2024, attached hereto as Appendix B.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer’s account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the City.

**TABLE 19
TAXABLE PROPERTY VALUES**

Fiscal Year Ending June 30	Measure 5 Real Market Value⁽¹⁾	Change from Prior Year (%)	Total Assessed Value	Change from Prior Year (%)	Urban Renewal Excess⁽²⁾	Assessed Value Used to Calculate Rates⁽³⁾
2016	\$2,456,332,595	-	\$1,952,189,496	-	\$154,346,356	\$1,797,843,140
2017	2,842,903,214	15.7	2,068,251,332	5.9	188,139,536	1,880,111,796
2018	3,314,364,738	16.6	2,215,627,041	7.1	189,511,978	2,026,115,063
2019	3,817,174,222	15.2	2,354,150,713	6.3	205,203,286	2,148,947,427
2020	4,274,088,129	12.0	2,537,997,772	7.8	215,990,735	2,322,007,037
2021	4,781,501,937	11.9	2,751,345,946	8.4	232,469,305	2,518,876,641
2022	5,591,862,627	16.9	2,962,893,551	7.7	202,569,362	2,760,324,189
2023	7,208,426,781	28.9	3,186,955,490	7.6	232,030,560	2,954,924,930
2024	8,146,005,214	13.0	3,407,752,771	6.9	265,044,507	3,142,708,264
2025	8,294,177,997	1.8	3,594,063,712	5.5	276,444,575	3,317,619,137

⁽¹⁾ Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

⁽²⁾ Adjustments to the urban renewal excess were made by Deschutes County in Fiscal Year 2022 to reflect revenue sharing among the taxing districts.

⁽³⁾ Assessed value of property in the City on which the lower rate is applied to derive ad valorem property taxes, excluding urban renewal and any other offsets.

Sources: Deschutes County Assessor's Offices.

**TABLE 20 ⁽¹⁾
PROPERTY TAX LEVIES AND COLLECTIONS**

Fiscal Year Ending June 30	Amount Levied	Amount Collected Year of Levy	Percent Collected Year of Levy	Percent Collected as of June 30, 2024⁽²⁾
2015	\$ 9,893,522	\$ 9,453,537	95.55%	97.13%
2016	10,449,915	9,944,856	95.17	96.35
2017	11,322,293	10,802,683	95.41	96.35
2018	11,958,929	11,489,754	96.08	96.08
2019	12,643,553	12,147,287	96.07	97.45
2020	13,568,359	13,047,483	96.16	97.53
2021	14,969,296	14,156,364	96.33	97.30
2022	15,341,912	14,666,393	95.60	96.27
2023	18,906,833	18,225,139	96.39	97.00
2024	20,129,926	19,372,307	96.24	96.24

⁽¹⁾ Schedule includes all property tax levies, including those for debt services and urban renewal districts.

⁽²⁾ Approximately 80% of taxpayers utilize a 3% discount by prepaying property taxes, causing the percent collected to be less than 100%.

Source: City of Redmond, City Audited Financial Statements, 2024.

The following table presents the Fiscal Year 2024-25 tax rates for the City and other taxing jurisdictions within Deschutes County that overlap the City. The City's current tax rate allowable by the State Constitution is \$6.16 per \$1,000 of Taxable Assessed Value, however, the City Charter

further limits the City’s tax rate to \$4.41 per \$1,000 of Taxable Assessed Value. Any proposals to increase the City tax rate would require a vote by the citizens.

The Billing Rate shown in the following table is the rate that is actually applied to the assessed value of the taxing district net of the portion applied on behalf of the urban renewal district. The Billing Rate may be different from the Billing Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Billing Rate Limit. There are five tax codes in the County that overlap the City and Tax Code 2001 has the highest property value of these tax codes.

TABLE 21
FISCAL YEAR ENDED 2025 REPRESENTATIVE LEVY RATE
(Rates per \$1,000 of Assessed Value)

	<u>Billing Rate</u>	<u>Bond Rate</u>	<u>Consolidated Rate</u>
GENERAL GOVERNMENT:			
Deschutes County	\$ 1.1801	-	\$ 1.1801
Countywide Law Enforcement (County Service District)	1.1539	-	1.1539
County Extension/4H (County Service District)	0.0207	-	0.0207
911 County Service District	0.3340	-	0.3340
Deschutes County Library District	0.5078	\$0.3089	0.8167
City of Redmond	4.0710	0.6387	4.7097
Redmond Downtown Urban Renewal	0.9141	-	0.9141
Redmond South 97 Urban Renewal	0.2956	-	0.2956
Redmond Fire and Rescue	1.6194	0.7500	2.3694
Redmond Area Park and Recreation District	0.3433	0.5208	0.8641
TOTAL GENERAL GOVERNMENT	<u>\$10.4399</u>	<u>\$2.2184</u>	<u>\$12.6583</u>
EDUCATION:			
Redmond School District No. 2J	4.6387	2.1082	6.7469
High Desert ESD	0.0890	-	0.0890
Central Oregon Community College	0.5728	0.0818	0.6546
TOTAL EDUCATION	<u>5.3005</u>	<u>2.1900</u>	<u>7.4905</u>
TOTAL TAX RATE	<u>\$15.7404</u>	<u>\$4.4084</u>	<u>\$20.1488</u>

Source: Deschutes County Assessor’s Offices; Assessment Roles 2024-2025.

**TABLE 22
TOP 10 PROPERTY TAXPAYERS**

<u>Name</u>	<u>Description</u>	<u>Fiscal Year 2025 Taxable Assessed Value</u>	<u>Percent of Total Assessed Value</u>
PCC Structural Inc.	Manufacturing	\$ 49,099,450	1.36%
Skywest Airlines ⁽¹⁾	Airline	37,825,000	1.05
Redmond Pacific Associates LLC	Real Estate	30,395,080	0.84
United Airlines Holdings Inc. ⁽¹⁾	Airline	31,010,940	0.86
Pacificorp (PP&L) ⁽¹⁾	Electrical Utility	25,562,059	0.71
Wal-Mart Stores Inc.	Retail	21,856,700	0.61
Green Leaf Cypress LLC	Real Estate	19,376,820	0.54
Apartment Options P2 LLC	Real Estate	17,588,170	0.49
Alaska Airlines Inc. ⁽¹⁾	Airline	16,341,800	0.45
Cascade Natural Gas Corp. ⁽¹⁾	Natural Gas	16,015,320	0.44
Subtotal		\$ 265,071,339	7.35%
Total Assessed Value		\$3,594,063,712	100.00%

⁽¹⁾ These companies are centrally assessed by the Oregon Department of Revenue. See “REVENUE SOURCES—Property Taxes—*Valuation of Property-Assessed Value*” herein.

Source: Deschutes County Assessor’s Offices; Assessment Rolls 2024-2025.

Local Government Fees

Oregon cities and counties generally have broad authority to impose taxes on activities within their boundaries. Certain Oregon cities and counties currently impose business license taxes, food and beverage taxes, motor vehicle fuel taxes, transient room taxes and other taxes. Generally these taxes must be either approved by the voters or may be subject to referral by the voters.

The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing taxes, and has limited a number of local government taxes, including transient room taxes and real estate transfer taxes. Each local government has its own mix of taxes, as well as fees and other revenue sources.

The City imposes franchise fees for the use of City right-of-way to distribute services (ranging from 5.0%-7.0% of a gross revenue generated by a utility within the City limits), a 9% transient room tax, and a business license fee.

Proprietary Fund

The City maintains only one type of proprietary fund made up of the enterprise funds. The City has five enterprise funds that it uses to account for its stormwater, water and sewer utilities, a municipal airport and a municipal golf course. The three major enterprise funds are the Water Fund, Wastewater Fund and Municipal Airport Fund.

The principal operating revenues of the Water, Wastewater, Stormwater, Municipal Airport and Municipal Golf funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of providing services, administrative expenses and depreciation on capital assets. See “THE REDMOND MUNICIPAL AIRPORT—Airport Revenues” and APPENDIX B—“ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024—BASIC FINANCIAL STATEMENTS—Proprietary Funds,” including the Table titled “City of Redmond, Oregon Statement of Revenues, Expenses, and Changes in Fund Net Position, Proprietary Funds, For the Fiscal Year Ended June 30, 2024.”

State of Oregon Funding

Oregon cities and counties receive a share of the revenues the State receives from taxing motor vehicle fuels. The Oregon Constitution requires that these revenues be used only to pay for costs of public roads. Oregon cities and counties also receive a share of the revenues the State of Oregon receives from tobacco taxes and liquor taxes.

The State of Oregon also appropriates money to Oregon counties to operate the justice system, and it provides a wide variety of funding for other purposes. The State of Oregon is generally not obligated to continue to provide these revenues to local governments.

Federal Funding

Oregon local governments receive federal funding for a variety of purposes. That funding is generally restricted to specific purposes including, without limitation, funds received for the operations and benefit of the Airport. In Fiscal Year 2023-24, the City received approximately \$5.8 million in federal grants with approximately \$933,000 for street preservation projects, \$37,000 for police operations, \$478,000 for pass-through projects and initiatives and the remaining \$4.4 million for City capital projects, including Airport projects. In Fiscal Year 2024-25, the City has received approximately \$9.5 million in federal grants with approximately \$474,000 for street preservation projects, \$97,000 for police operations, \$403,000 for pass-through non-profit projects and initiatives, and the remaining \$8.5 million for City capital projects, including for Airport projects. Federal funding accounts for approximately 1.4 percent of the City’s operating budget for Fiscal Year 2025-26, including certain grants for transportation projects and funds for housing through grants including direct grants to the City and funds that flow through to housing development from HUD’s Community Development Block Grant program. Excluding the pass-through uses (non-City non-profits and initiatives), federal grants account for 0.6% percent of the City’s FY 2026 operating budget.

CITY DEBT INFORMATION

Debt Limitation

General Obligation Bonds. ORS Chapter 287A limits the amount of certain general obligation bonds that an Oregon city may have outstanding at any time to three percent of the real market value of the taxable property within the city. The statutory limitation does not apply to general obligation bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas power, or lighting purposes, or the acquisition, establishment, or reconstruction of any off-street motor vehicle parking facility nor to bonds issued pursuant to application to pay assessments for improvements in installments under statutory or charter authority that are completely self-supporting. The Bonds are not general obligation bonds and are not subject to the debt limitation. The City has one series of general obligation bonds outstanding, which were issued on August 17, 2022.

Measure 5 Real Market Value (RMV) Assessment Rolls 2024-25	\$8,294,177,997
Debt limitation (3% of RMV)	248,825,340
Less applicable bonded debt ⁽¹⁾	(32,550,000)
Remaining legal debt capacity	216,275,340
Percent of limit issued	13.1%

⁽¹⁾ Represents voter-approved, unlimited tax general obligations of the City.
Source: City of Redmond, Deschutes County Assessor's Offices.

Limited Tax Revenue Bonds / Full Faith and Credit Obligations. Pursuant to ORS 287A.315(b), school districts, education service districts, community colleges and local governments may pledge their full faith and credit for “limited tax bonded indebtedness” or “full faith and credit obligations.” The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a city may issue. Full faith and credit obligations can take the form of bonds, certificates of participation, notes, or capital leases. Collection of property taxes to pay principal and interest on such limited tax debt is subject to the limitations of Article XI, Sections 11 and 11b. The Bonds are full faith and credit bonds, authorized in accordance with the requirements of ORS 287A.150.

Pension Bonds. ORS 238.694 authorizes school districts, education service districts, community colleges and local governments to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the City is not authorized to levy additional taxes to make pension bond payments. The City does not have any pension bonds outstanding.

Revenue Bonds. The City may issue revenue bonds that are secured by a pledge of specific revenues of the City such as water, sewer or airport revenues. The City has issued and currently has outstanding revenue bonds secured by revenues of its water utility, wastewater utility, and the Airport.

Debt Management

To the best of its knowledge, the City has never defaulted on a debt obligation.

Outstanding Long-Term Debt

The following table presents information regarding the City's outstanding long-term debt.

**TABLE 23
OUTSTANDING LONG-TERM DEBT**

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding ⁽¹⁾
Full Faith and Credit Debt Obligations⁽²⁾:				
Equipment Lease/Purchase Agreement	11/14/2014	5/1/2030	\$ 1,071,326	\$ 505,889
Full Faith and Credit Obligations, Series 2014A (Urban Renewal)	4/08/2014	6/1/2031	11,955,000	8,510,000
Limited Tax Revenue Bonds, Series 2015A	7/21/2015	6/1/2045	9,415,000	6,710,000
Limited Tax Revenue Refunding Bonds, Series 2015B	10/13/2015	12/1/2025	2,205,000	260,000
Full Faith and Credit Bonds, Series 2016A (Federally Taxable)	3/15/2016	6/1/2036	2,500,000	1,570,000
Full Faith and Credit Bonds, Series 2016B (Tax-Exempt)	3/15/2016	12/1/2029	3,080,000	1,260,000
Full Faith and Credit Refunding Bonds, Series 2019A (Private Activity, Non-AMT)	3/28/2019	6/1/2033	14,330,000	8,590,000
Full Faith and Credit Refunding Bonds, Series 2019B-1 (Non-AMT)	3/28/2019	6/1/2039	16,640,000	14,745,000
Full Faith and Credit Refunding Bonds, Series 2019B-2 (AMT)	3/28/2019	6/1/2027	2,915,000	715,000
Full Faith and Credit Refunding Bonds, Series 2019C (Federally Taxable)	3/28/2019	6/1/2039	5,845,000	4,505,000
Full Faith and Credit Refunding Obligations, Series 2022	4/07/2022	6/1/2033	4,925,000	3,218,000
Full Faith and Credit Bonds, Series 2025A (AMT)	7/22/2025	6/1/2052	95,955,000	95,955,000
Full Faith and Credit Bonds, Series 2025B (Federally Taxable)	7/22/2025	6/1/2045	5,030,000	5,030,000
Total Full Faith and Credit Debt Obligations				<u>\$151,573,889</u>
Tax Increment Financing:				
Urban Renewal Agency Note, Series 2023	2/7/2023	6/1/2038	\$6,079,000	\$5,676,000
Total Tax Increment Financing				<u>\$5,676,000</u>
Revenue Debt Obligations:				
Wastewater Fund:				
DEQ Loan (Wastewater Pollution Control)	6/30/2004	6/1/2031	\$10,183,559	\$ 2,839,582
DEQ Loan (East Side Sewer Interceptor)	7/29/2016	6/1/2048	6,158,352	4,952,637
DEQ Loan (Wetlands Complex) ⁽³⁾	8/2/2021	6/1/2058	46,400,000	5,554,168
Total Revenue Debt Obligations				<u>\$13,346,387</u>
General Obligation Bonds:				
2022 General Obligation Bonds	8/17/2022	6/1/2042	\$34,265,000	\$32,550,000
Total General Obligation Bonds				<u>\$32,550,000</u>
Total Long-Term Debt Obligations				<u>\$203,146,276</u>

⁽¹⁾ As of the Date of Delivery.

⁽²⁾ The City uses a variety of revenues outside of the General Fund, including Airport, Water, Wastewater, Urban Renewal, System Development Charges and Special Assessment revenues, to make debt service payments on its full faith and credit debt obligations. The General Fund is responsible for paying a portion of Equipment Lease/Purchase Agreement (approximately 9%) and the Series 2015 Limited Tax Revenue Bond (28%). In total, the General Fund supports about 9% of debt service payments on its full faith and credit debt obligations.

⁽³⁾ The City is currently authorized to draw up to \$46.4 million. DEQ is expected to increase the authorized amount to \$81.25 million in Fiscal Year 2026. Funds are expected to be drawn through Fiscal Year 2028 as the project is completed. \$500,000 of the authorized amount is expected to be forgiven and will not need to be repaid. The amount outstanding in the table represents the amount drawn to date.

Source: Derived from City of Redmond, City Audited Financial Statements, 2024.

Future Debt Plans

The City has no plans to enter into additional borrowings over the next 12 months, except financing for the City’s new Redmond Wetlands Complex (new wastewater treatment plant) with a total project cost estimate of \$89 million. The City has entered into a loan with the Oregon Department of Environmental Quality through the Clean Water State Revolving Fund program in the amount of \$46.4 million. Of the authorized amount, \$500,000 is expected to be forgiven and will not need to be repaid. The City currently anticipates entering into an amendment which would increase that draw capacity to \$81.25 million in the first quarter of Fiscal Year 2026. To-date, the City has drawn \$5,554,168, and it expects to draw the remaining funds between now and Fiscal Year 2028. The loan, which has a 30-year term with an effective interest rate of 2.32%, is secured by Net Revenues of the facility being financed and planned to be repaid by a combination of wastewater ratepayers and Wastewater System Development Charges (SDCs).

Debt Ratios

The following tables presents information regarding certain of the City’s direct debt and debt of overlapping taxing districts.

**TABLE 24
DEBT RATIOS**

	Values	Per Capita	Percent of RMV
2024 Estimated Population ⁽¹⁾	38,208	-	-
Measure 5 Real Market Value (RMV) ⁽²⁾	\$8,294,177,997	\$217,080	-
Total Net Direct Debt of City ⁽³⁾	\$ 36,610,891	\$ 958	0.44%
Net Direct Overlapping Debt of Issuers	112,907,643	3,913	1.80
Total Direct Net Debt and Overlapping Debt	\$ 149,518,534		

⁽¹⁾ As of July 1, 2024.

⁽²⁾ As of January 1, 2024.

⁽³⁾ Total Net Direct Debt includes all voter approved general obligation bonds, limited tax revenue bonds, full faith and credit obligations and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the City less self-supporting obligations. Debt, the term of which is less than one year is not included. Excludes the Bonds.

Source: Municipal Debt Advisory Commission, Oregon State Treasury, as of June 1, 2025.

**TABLE 25
OVERLAPPING DEBT (AS OF JUNE 1, 2025)**

Overlapping District	Real Market Valuation	Percent Overlapping	Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
Central Oregon Community College	\$96,751,131,930	8.57%	\$ 3,516,522	\$ 3,087,458
Central Oregon Regional Housing Authority	82,895,888,189	10.01	255,160	255,160
Deschutes County	82,895,888,189	10.01	6,258,330	3,834,608
Deschutes County School District No. 2J	17,651,854,799	46.99	85,565,150	85,565,150
Deschutes Public Library District	82,895,888,189	10.01	18,540,192	18,540,192
High Desert ESD	90,995,722,280	9.11	757,602	342,418
Redmond Area Park & Recreation District	13,694,252,685	60.57	29,329,521	0
Redmond Fire & Rescue	13,358,971,678	62.09	1,534,109	1,282,657
Total Overlapping Debt			\$145,756,586	\$112,907,643

Note: Totals may not add due to rounding.

⁽¹⁾ Gross Direct Debt includes all general obligation bonds and full faith and credit debt obligations.

⁽²⁾ Net Direct Debt is Gross Direct Debt less self-supporting general obligation and less self-supporting full faith and credit debt obligations.

Source: Municipal Debt Advisory Commission, Oregon State Treasury, as of June 1, 2025.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The City was incorporated on July 6, 1910 and is located on the eastern side of Oregon’s Cascade Mountain Range. The City is 15 miles north of the City of Bend, the county seat for Deschutes County; 144 miles from the City of Portland; 129 miles from the City of Salem, the State capital; and 126 miles from the City of Eugene. The City can be accessed by a variety of federal and state highways. State Highway 97 is the main north-south highway. U.S. Highways 20 and 26 service east-west traffic. State Highway 126 connects with the major east-west state highways. The City is serviced by both Union Pacific and Burlington Northern railroads as well as several trucking companies. The Redmond Airport is the commercial service airport for Central Oregon and provides general aviation and air cargo service. See “THE CITY—Enterprise Funds—The Airport.”

Higher Education. Central Oregon Community College, a two-year college with campuses in Redmond and the City of Bend provides general education courses, occupational and technical preparatory training, lower division college transfer courses, skills upgrading and employee technical training. Higher education courses are also available through satellite campuses of George Fox University in Redmond, and Oregon State University’s Cascades Campus in the City of Bend.

Healthcare. Healthcare services are available through the facilities of St. Charles Health System, Inc. (“St. Charles”) at St. Charles Medical Center-Redmond, which is a 48-bed full service facility. Healthcare services at the Redmond campus include a 24-hour Level IV trauma care emergency room, intensive care, limited birthing services, and family center, advanced surgical capabilities, cancer treatment, community education services, physical therapy, and imaging facilities. Medical staff includes physicians specializing in family practice, surgery, internal medicine, obstetrics and gynecology, urology, and orthopedics. St. Charles’s facility, St. Charles Medical Center-Bend (16 miles south of Redmond), serves as the regional medical center and has a wide variety of specialized medical facilities including open heart surgery, a full-service birthing center, a cancer center, and extensive diagnostic services.

Population

The following table below shows the historical population for the State, the County and the City. From 2020 to 2024 the City population growth has outpaced the County and the State. The City grew by approximately 10%, the County grew by approximately 5% and State grew by approximately 1% during over that time period.

**TABLE 26
POPULATION**

<u>Fiscal Year</u>	<u>City of Redmond</u>	<u>Deschutes County</u>	<u>State of Oregon</u>
2020	33,728	199,061	4,237,174
2021	35,592	201,916	4,218,425
2022	36,160	203,830	4,233,291
2023	36,491	206,212	4,250,027
2024	37,146	208,612	4,263,385

Sources: Portland State University Center for Population Research, as of July 1, 2024.

Economic Overview

From 2020 through 2023, income growth within the County outpaced the State with respect to both total personal income (with a three-year average of 9% for the County and 6% for the State), and per capita income (with a three-year average of 6% for the County and 4% for the State).

As of March 2025, the Bend-Redmond MSA unemployment rate was 5.2%, which is consistent with the average of 5.2% over the past five years.

Another gauge for economic conditions in the area is Airport activity. During 2024, the Airport set a new record for total enplanements of 617,046, a 7.5% increase over the prior year, which was also a record. Enplanements are up 5.7% in the first quarter of 2025 relative to the prior year's first quarter. The Airport is currently on a growth trajectory that is outpacing the national and Oregon state averages for airport travel.

Specific to the City, total building permits in 2024 surpassed permits in 2023 (both in number and valuation). This development has contributed to 7.2% average growth in taxable assessed value over the past five fiscal years. A more moderate growth of (5.0%) is expected for Fiscal Year 2025-26. See “—*Building Permits*” below.

In anticipation of future growth, the City is currently constructing a new \$89 million wastewater treatment facility, a new \$7 million well and a new \$49 million, 42,000 square feet, Public Safety Facility to serve residents and businesses for the next 20 years. Additionally, about \$70 million in transportation improvements are planned over the next five years with the goal of easing congestion, improving mobility and safety throughout the city. Other facilities in the City (not owned by the City) include a new \$47 million, 40,000 square feet, library (completed in 2024), a new \$49 million, 56,000 square feet, community recreation center (estimated completion in 2025), and a new \$90 million Cancer Center (estimated completion in 2026).

The City partners with Redmond Economic Development Inc. (“REDI”), a private non-profit corporation that takes the lead on recruiting trade sector businesses and jobs to the City. From 2015 through 2024, REDI recruited over 60 companies (either new or expansion) bringing approximately 1,300 jobs, and about \$170 million of capital investment to the City. In total these companies are comprised of 12 different industries including advanced manufacturing, agriculture products, aviation aerospace, building products, consumer goods, construction, headquarters, information technology, outdoor products, packaging specialty manufacturing and transportation. In May 2025, Amazon announced that a new \$50 million, 84,000 square feet, distribution center will be built in the City by 2026, which is expected to bring an additional 170 jobs to the City.

As part of the Redmond Enterprise Zone, the City also offers many local enticements including reduction of sewer and water rates, reduced System Development Charges (SDCs), and reduced or waived permit fees. Affordable industrial land is available from both private and public sectors, which have combined to develop many new industrial/business parks in Redmond. The City currently has more than 2,000 acres of industrial land supply.

**TABLE 27
MAJOR EMPLOYERS IN THE GREATER REDMOND AREA**

Employer	Product or Service	2024 Estimated Employment
Redmond School District	Education	919
BasX	Manufacturing	661
St. Charles Health System	Healthcare	461
PCC Schlosser	Aviation/Aerospace	328
Fred Meyer-Redmond	Retail	315
Medline ReNewal	Bioscience	293
City of Redmond	Government	242
Opportunity Foundation	Charity	221
Consumer Cellular	Wireless Call Center	166
Safeway	Retail	164

Source: City of Redmond, City Audited Financial Statements, 2024.

TABLE 28
CIVILIAN LABOR FORCE AND EMPLOYMENT SUMMARY
(BY CALENDAR YEAR)
 (Not Seasonally Adjusted)

	2020	2021	2022	2023	2024
City of Redmond:					
Civilian Labor Force	16,479	17,708	18,132	18,768	19,213
Employment	15,245	16,761	17,410	18,006	18,399
Unemployment	1,234	948	722	762	814
Unemployment Rate	7.5%	5.4%	4.0%	4.1%	4.2%
Deschutes County					
Civilian Labor Force	98,885	103,130	104,070	106,639	109,394
Employment	91,124	97,756	99,984	102,684	104,924
Unemployment	7,761	5,374	4,086	3,955	4,470
Unemployment Rate	7.8%	5.2%	3.9%	3.7%	4.1%
State of Oregon					
Civilian Labor Force	2,105,116	2,141,726	2,161,875	2,174,694	2,197,793
Employment	1,945,906	2,030,793	2,076,440	2,093,138	2,105,973
Unemployment	159,210	110,933	85,435	81,556	91,820
Unemployment Rate	7.6%	5.2%	4.0%	3.8%	4.2%

Source: U.S. Bureau of Labor Statistics; June 2025.

TABLE 29
TOTAL PERSONAL AND PER CAPITA INCOME

Calendar Year	Deschutes County		State of Oregon	
	Personal Income	Per Capita Income	Personal Income	Per Capita Income
2019	\$11,268,998	\$57,770	\$220,029,440	\$52,190
2020	12,746,735	63,905	240,173,697	56,577
2021	14,483,872	70,556	265,378,893	62,347
2022	15,686,986	75,972	271,773,249	64,107
2023	16,894,729	81,025	287,182,452	67,838

Source: U.S. Bureau of Economic Analysis; February 20, 2025.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family residential, multi-family residential and commercial building permits in the City are listed below:

**TABLE 30
CITY OF REDMOND BUILDING PERMIT ACTIVITY**

<u>Calendar Year</u>	<u>Residential⁽¹⁾</u>		<u>Multi-Family⁽²⁾</u>		<u>Commercial</u>	
	<u># Issued</u>	<u>Valuation</u>	<u># Issued</u>	<u>Valuation</u>	<u># Issued</u>	<u>Valuation</u>
2017	297	\$ 71,600,000	6	\$ 400,000	30	\$ 24,800,000
2018	454	104,300,000	89	9,100,000	32	11,400,000
2019	370	89,900,000	415	45,300,000	23	29,900,000
2020	550	129,500,000	197	24,000,000	41	16,500,000
2021	474	118,500,000	156	18,800,000	17	26,500,000
2022	213	53,800,000	224	32,600,000	24	10,500,000
2023	314	96,600,000	69	14,200,000	31	21,900,000
2024	282	88,500,000	276	50,700,000	29	133,900,000 ⁽³⁾
2025 ⁽⁴⁾						

⁽¹⁾ Represents single family units.

⁽²⁾ Represents total number of multi-family units.

⁽³⁾ Included several significant public service projects, including a new public safety facility, a new community recreation center and a new Cancer Center developed by St. Charles.

⁽⁴⁾ Year to date

Source: City of Redmond, Building Division.

CERTAIN RISK FACTORS FOR THE CITY

In addition to factors set forth elsewhere in this Official Statement, this section describes certain factors and considerations that purchasers of the Bonds should carefully consider in connection with an investment in the Bonds. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any Bonds (and other considerations that may be relevant to particular investors) and does not necessarily reflect the relative importance of the various factors. Prospective investors are advised to consider the following factors, along with all other information contained or incorporated by reference in this Official Statement, in evaluating whether to purchase the Bonds.

General

The U.S. economy is unpredictable. Economic downturns and other unfavorable economic conditions have previously affected and may affect the financial condition and revenues of the City. Broad economic factors – such as inflation, unemployment rates or instabilities in consumer demand and consumer spending – may adversely affect the revenues of the City. Other economic conditions that from time to time may adversely affect the revenues of the City include, without limitation: (1) increased business failures and consumer and business bankruptcies; (2) volatility in banking and financial markets; (3) unavailability of liquidity during periods of economic distress, and (4) increased costs of goods and services.

Federal and State statutory and regulatory changes, administrative rulings, interpretations of policy, funding restrictions, whether taken as part of federal or State budgetary actions or otherwise, may also reduce funds made available to the City to support certain programs and operations. At the same time, the federal or state government may maintain or increase the

responsibilities of the City in certain areas, notwithstanding reductions in federal or state funding for such activities.

The City carefully monitors economic and financial conditions as well as federal and State statutory and regulatory changes. However, it is difficult for the City to predict the occurrence of such economic or federal or state government changes or the potential effect on the finances and operations of the City and its revenues.

Economic and Geopolitical Uncertainty

The State's and the City's economy is trade-dependent and export-oriented. While national and international events may not directly impact City revenues, these events may generally have a negative effect on the State's and the City's economy and financial condition. Geopolitical uncertainty, including multiple armed conflicts in several parts of the world, economic disruptions caused by those conflicts, inflation, oil price fluctuations, cost increases including for construction projects such as the Airport Expansion Projects and supply chain disruptions affect the statewide economy and the City. Foreign trade and federal trade policy particularly affect exports in the agricultural and aviation sectors.

Tariffs of the size and scale that have or may be imposed by the Trump administration would most likely be highly inflationary and may increase costs and delivery timelines for the City's planned capital improvements.

The Trump administration has also proposed to reduce legal immigration and to deport millions of undocumented immigrants, many of whom are workers in construction, agriculture and service industries. This could cause labor shortages in such sectors, which would also likely lead to higher inflation.

Federal Funding Risks

Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one presidential administration to another. From time to time, such changes can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in future Federal funding. The City expects a heightened level of uncertainty in Federal funding over the next several years due to the recent change in presidential administrations and will be closely monitoring and responding to any related reductions in federal funding. See also "REVENUE SOURCES—Federal Funding" and "AIRPORTS AND THE AIRLINE INDUSTRY—Federal Funding Uncertainty."

Cybersecurity

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. The City and its departments routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information

technology systems to misappropriate assets and/or information or to cause operational disruption and damage. To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the City has invested in multiple forms of cybersecurity and operational safeguards.

To mitigate the risk of a cybersecurity incident, the City maintains a cybersecurity policy and incident response plan with various playbooks. The City performs routine penetration testing and various types of security assessments and enforces routine awareness training for all staff. The City has also implemented relevant technologies including a managed endpoint detection and response platform, security information and event management solutions, network detection and response, network segmentation and isolation, server and data backup and recovery, the implantation of least-privilege user access privileges and the continuous updating of user/device identity for granular access to data, software platforms and network endpoints. See also “CITY FINANCIAL INFORMATION—Risk Management.”

The results of any future attack on the computer and information technology systems could have a material adverse impact on the operations of the City and damage the digital networks and systems. The City cannot predict the outcome of any such attack, nor its effect on the operations and finances of the City.

Environmental Considerations

The City, like all communities in the State, may be subject to unpredictable natural or man-made disasters, such as seismic events, seasonal storms, excessive/high winds, flood, fire, toxic dumping or acts of terrorism, any of which could adversely affect the City and the collection and receipt of property taxes and revenues. In the event of such calamities, there may be significant damage to both property and infrastructure. The occurrence of a severe natural disaster could have negative effects on the economic and financial status of its community members, their property values and operations within the boundaries of the city which could have an adverse impact on the City’s ability to make payments of principal of and interest on the Bonds.

Seismic Risks. The City is located in an area of seismic activity, with frequent small earthquakes. The City cannot predict how such seismic activity could impact its property taxes and other revenue sources. A sizable regional earthquake could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure.

Wildfire Risks. In recent years, portions of the State, including the City and neighboring communities of the City, have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. Property damage due to future wildfires could result in a significant decrease in the assessed value of property of the City. The City revisits fireworks restrictions on an annual basis, and Redmond Fire and Rescue, which is not controlled by the City, provides free property assessments by request to help citizens evaluate their property and make it fire ready. It is not possible for the City to make any representation or prediction regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the City or the extent to which wildfires may impact the value of taxable property within the City. The United States Forest Service Redmond Air Center is located at the Airport and supports regional firefighting operations with this federal facility providing training and housing for smokejumper

teams along with fuel, water and fire retardant for airtanker aircraft at its ramps along the north side of the airfield. The Airport is also the home of Lancair Factory and the base for aerial firefighting aircraft operated by private airtanker companies.

Drought. From time to time certain parts of the State, including areas where the City is located, may experience extended drought conditions. As of June 2025, the United States Drought Monitor Map shows 11.2% of Deschutes County to be experiencing abnormally dry conditions while the remainder of Deschutes County is not experiencing drought conditions. The last time Central Oregon was drought free was at the end of March 2017. The City’s Water Conservation Program focuses on the top water users, volume-wise, including HOAs, commercial accounts, and high-use households, offering tailored recommendations, irrigation assessments, and usage tracking tools to improve efficiency and reduce waste. The City also provides rebates for outdoor irrigation system efficiency improvements including weather based irrigation controllers, rotating sprinkler heads and soil moisture sensors and offers citizens water-efficient shower heads, faucet aerators, shower timers and toilet tank displacement bags. Finally, the City has focused on reducing irrigation for City assets by modernizing park irrigation (reducing water usage by approximately 10%) and changing out passive gateways with water-wise landscape solutions. Extended drought conditions may impact development of undeveloped properties within the boundaries of the City and may affect the value of properties within the boundaries of the City, which may negatively impact the growth of revenues to fund the operations of the City.

Public Health Emergencies or Crisis

The financial and operating condition of the City may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of COVID-19 or other highly contagious or epidemic disease (an “Outbreak”). There can be no assurances that an Outbreak will not materially affect the City, state, and national economies, and accordingly, materially adversely affect the financial condition of the City for a period of time.

No Acceleration; Limitation of Remedies

The Bonds are not subject to acceleration. The rights of holders are limited by the terms of the Bond Declaration. See APPENDIX A-2—“FORM OF BOND DECLARATION.”

Change in Law

State legislation is introduced before the Oregon Legislative Assembly and as described below, initiatives and referenda are placed on the ballot from time to time that could affect the finances or operations of the City. The City cannot predict whether any such legislation, initiative or referenda will be introduced, enacted or approved in the future, nor can it predict the potential implications on the finances or operations of the City.

Legislation is periodically introduced in the U.S. Congress that could affect the finances or operations of the City. Examples of federal legislative proposals that could have an adverse effect on the City if they were to become law include but are not limited to: (1) limitations on the amount or availability of tax-exempt financing under Section 103 of the Code, or (2) elimination of the exclusion of interest on tax-exempt bonds from gross income for all or some taxpayers. Legislative proposals to eliminate or limit the benefit of tax-exempt interest on bonds such as the Bonds have

been made in the past, may currently be under consideration, and may be made again in the future. If adopted, any such proposal could alter the federal tax treatment described under the heading “TAX MATTERS” or could adversely affect the market value or marketability of the Bonds and the financial condition of City due to increased costs to the City to finance future capital needs or increased interest payments on existing obligations of the City. The City cannot predict whether any such legislation will be introduced or enacted in current or future sessions of the U.S. Congress.

AIRPORTS AND THE AIRLINE INDUSTRY

Factors Affecting Airline Activity

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities, terrorist attacks, volcanic or meteorological events and world health concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of travel and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the selection of surface travel over air travel. The City cannot predict the likelihood of any such events or their effect on the patterns of air travel and air transportation systems.

In addition, there is no assurance that the Airport, despite a demonstrated stable level of demand for airline service and operations, will continue to maintain such levels in the future. The continued presence of the airlines serving the Airport, and the levels at which that service will be provided, are a function of a variety of factors, including: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor costs and the price of aviation fuel; capacity of the Airport and competition from other airports; and business travel substitutes, including videoconferencing and web-casting. Many of these factors are beyond the control of the City. Accordingly, no assurance can be given as to the levels of aviation activity that will be achieved at the Airport.

Airline Information

Certain airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith, file reports and other information with the Securities and Exchange Commission (the “SEC”). Only companies with securities listed on a national securities exchange or registered under § 12(g) of the Exchange Act, or companies that are required to file with the SEC pursuant to § 15(d) of the Exchange Act, are subject to the information reporting requirements. Certain information, including financial information, concerning each reporting airline (or its respective parent corporation) is disclosed in such reports and statements filed with the SEC. Such reports and statements can be inspected in the Public Reference Rooms of the SEC that can be located by calling the SEC at 1-800-SEC-0330. In addition, electronically filed SEC Reports can be obtained from the SEC’s website at <http://www.sec.gov>. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the United States Department of Transportation (“USDOT”). Such reports can be inspected at the following location: Office of Airline Information, Bureau of Transportation Statistics, Department of

Transportation, 1200 New Jersey Avenue, SE, Washington, D.C. 20590, and copies of such reports can be obtained from USDOT at prescribed rates.

Neither the City nor the Underwriter undertake any responsibility for or make any representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or the USDOT, or (ii) any material contained on the SEC’s website as described in the preceding paragraph, including, but not limited to, updates of information on the SEC website or links to other Internet sites accessed through the SEC’s website.

Federal Funding Uncertainty

AIP expenditures are subject to congressional appropriation and no assurance can be given that the FAA will receive spending authority. Additionally, AIP expenditures could be affected by the automatic across-the-board spending cuts, known as sequestration, described below. Although AIP funding for Fiscal Years 2025 and 2026 have been obligated, the City is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the City, such reduction could (1) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources (including operating revenues and additional borrowings), (2) result in adjustments to the capital plan or (3) extend the timing for completion of certain projects. In the event that a significant amount of federal funds designated for the airport were not received in Fiscal Year 2025-26, the City would reevaluate the scope of the Terminal Expansion Project or increase cash proceeds to close any funding gap, or both. See also “THE REDMOND MUNICIPAL AIRPORT—Federal Funding for the Airport” and “CERTAIN RISK FACTORS FOR THE CITY—Federal Funding Risks.”

Federal funding received by the City could also be adversely affected by the implementation of sequestration, a budgetary feature first introduced in the Budget Control Act of 2011. Sequestration refers to automatic spending cuts that occur through the withdrawal of funding for certain government programs. Sequestration could adversely affect the FAA and the Transportation Security Administration (“TSA”) budgets and operations and the availability of certain federal grant funds typically received annually by the City, which may cause the FAA or TSA to implement furloughs of its employees and freeze hiring, and may result in flight delays and cancellations.

From time to time, Congress has failed to provide a funding plan for the U.S. government for a succeeding federal fiscal year, and the federal government has “shut down.” During a federal government shutdown, thousands of federal workers will be furloughed without pay and many government services and functions will be disrupted. While most airport security agents, customs officials and air traffic controllers are essential employees and would continue working during a shutdown, a shutdown could adversely impact the travel industry by, among other things, reducing air travel demand and reducing government-related business travel. Depending on the length of the shutdown, travelers may experience additional delays in passport and visa processing. National parks, monuments and museums staffed by federal employees would also scale back services or close during a government shutdown which may adversely affect leisure travel

Considerations Regarding Passenger Facility Charges

The FAA has approved the Airport's authority to require the airlines to collect and remit a PFC on each enplaning revenue passenger at the Airport. The City expects to use PFC revenues to pay a portion of the debt service on the Series A Bonds. No assurances can be given that the Airport's authority to collect PFCs will be increased or extended. Further, no assurance can be given that PFC revenues will actually be received in the amounts or at the times contemplated by the Airport. The amount and timing of PFC revenues may vary depending on actual levels of qualified passenger enplanements. In addition, the FAA may terminate the Airport's ability to impose PFC revenues, subject to informal and procedural safeguards, if: (a) PFC revenues are not being used for approved projects in accordance with FAA approval, the applicable federal law or the regulations promulgated thereunder; or (b) the Airport otherwise violates such laws or regulations. The Airport's authority to impose PFCs may also be terminated if the Airport violates certain AIP grant assurances and certain provisions of the Airport Noise and Capacity Act of 1990 ("ANCA") and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure the Airports' authority to impose PFCs would not be summarily terminated. No assurance can be given that the Airport's authority to impose PFCs will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport.

Other Factors Affecting Airline Industry

Airline Industry Consolidation and Affiliation. In response to competitive pressures, the U.S. airline industry has significantly consolidated over the last 15 years. Further, alliances, joint ventures, and other marketing arrangements may provide airlines with many of the advantages of mergers, and, currently, all the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. To date, these mergers and alliances have not adversely impacted the Airport, but it is not possible to predict the future impact, if any, on the Airport of these mergers or alliances. Any further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merging airlines. Furthermore, if certain airlines serving the Airport merge or form other alliances, gate utilization at the Airport could decrease, which could materially adversely affect Airport operations.

Financial Condition of Airlines Serving the Airport. Increases in passenger traffic at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to increase service. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, or the COVID-19 pandemic. Historically, the airline industry's results have correlated with the performance of the economy. The aviation industry is sensitive to a variety of factors, including (a) the cost and availability of labor, fuel, aircraft and insurance, (b) general economic conditions, (c) international trade, (d) currency values, (e) competitive considerations, including the effects of airline ticket pricing, (f) traffic and airport capacity constraints, (g) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (h) passenger demand for air travel and (i) disruption caused by airline accidents, criminal incidents and acts of war or terrorism. Such factors are not subject to the control of the City. It is reasonable to assume that any significant financial

or operational difficulties incurred by the airlines serving the Airport may, whether directly or indirectly, have an adverse impact on revenues or Airport operations, the effect of which may be material. At this time, it is not possible to predict the effect that any financial or operational difficulties incurred by any airline serving the Airport could have on the Airport.

Airline Service and Routes. The Airport serves a predominantly origination-destination market and is not likely to become a connecting hub. The number of origin and destination passengers depends on the intrinsic attractiveness of central Oregon as a business and leisure destination and the propensity of its residents to travel.

Airline Competition and Airfares. Airfares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel alternatives are viable alternatives and for price-sensitive, discretionary travel. Airfares are influenced by labor, fuel and other airline operating costs; taxes, fees and other charges assessed by governmental and aviation agencies; debt burden; passenger demand; capacity and yield management; market presence; and competition. Increases in passenger traffic at the Airport will depend on the continued availability of competitive airfares and service.

Climate Change. Climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels that could have a material adverse effect on the operations of the Airport, on the airlines operating at the Airport and on ground operations at the Airport. The United States Environmental Protection Agency (the “EPA”) has taken steps towards the regulation of greenhouse gas (“GHG”) emissions by aircraft under existing federal law. In 2021, the EPA finalized GHG emission standards for airplanes used in commercial and business aviation. The City is unable to predict what future, climate change related regulations may be implemented on the state or the federal level, and such regulations may impact the cost or demand for air travel and impact the level of revenues realized by the Airport. See also “CERTAIN RISK FACTORS FOR THE CITY—Environmental Considerations.”

Cyber-Security. The Airport, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). As a recipient and provider of personal, private, or sensitive information, the Airport may be the target of cybersecurity incidents that could result in adverse consequences to the Airport and its Systems Technology, requiring a response action to mitigate the consequences. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Airport invests in multiple forms of cybersecurity and operational safeguards. See also “CERTAIN RISK FACTORS FOR THE CITY—Cybersecurity” for further discussion of actions the City has taken to mitigate risks for the City and the Airport.

The airlines serving the Airport and other Airport tenants also face cybersecurity threats that could affect their operations and finances. Computer networks and data transmission and collection are vital to the safe and efficient operation of the airlines that serve the Airport and other tenants of the Airport. Despite security measures, information technology and infrastructure of

any of the airlines serving the Airport or any other tenants at the Airport may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the operation of the airlines serving the Airport and the services provided at the Airport, thereby adversely affecting the ability of the Airport to generate revenue.

THE INITIATIVE AND REFERENDUM PROCESS

Article IV, Section 1 of the State Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. State law therefore permits any registered State voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that do not qualify for the ballot, the City does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The City also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the City's charter and ordinances. Consequently, the City does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Referendum. "Referendum" generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process. To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years

next preceding the filing of the petition with the Secretary of State. For the November 2026 general election, the requirement was 8 percent (160,551 signatures) for a constitutional amendment measure and 6 percent (120,413 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years. The next general election for which statewide initiative petitions may be filed will be in November 2026.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure’s financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

**TABLE 31
STATEWIDE INITIATIVE PETITIONS THAT QUALIFIED
AND PASSED (2016-2024)**

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2016	4	3
2018	4	1
2020	2	2
2022	2	2
2024	2	1

Source: Elections Division, Oregon Secretary of State.

LITIGATION

There is no pending litigation questioning the validity of the Bonds or the authority of the City to make payments on the Bonds. There is no litigation pending that would materially affect the finances of the City or affect the City’s ability to meet debt service requirements on the Bonds.

LEGALITY

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel Opinion is contained in APPENDIX C of this Official Statement. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement.

Certain legal matters in connection with the preparation of this Official Statement will be passed upon by Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, as Disclosure Counsel to the City, and Hawkins Delafield & Wood, LLP, Portland, Oregon, as Underwriter's Counsel.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Tax-Exempt Bond for any period that such Tax-Exempt Bond is held by a "substantial user" of the facilities financed by that Tax-Exempt Bond or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Tax-Exempt Bonds is a specific preference item for purposes of the federal individual alternative minimum tax and interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel also is of the opinion that, based upon existing law, interest on the Bonds is exempt from State of Oregon personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

The Tax-Exempt Bonds

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of Oregon personal income tax purposes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of any series of the Tax-Exempt Bonds accrues daily over the term to maturity of such series of Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

The Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Oregon personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has

not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of interest on the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, the Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the Tax-Exempt Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Tax-Exempt Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Tax-Exempt Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Tax-Exempt Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

The Federally Taxable Bonds

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Federally Taxable Bonds that acquire their Federally Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Furthermore, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or

traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Federally Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Federally Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Federally Taxable Bonds pursuant to this offering for the issue price that is applicable to such Federally Taxable Bonds (i.e., the price at which a substantial amount of the Federally Taxable Bonds are sold to the public) and who will hold their Federally Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Federally Taxable Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Federally Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Federally Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Federally Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Federally Taxable Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Federally Taxable Bonds in light of their particular circumstances.

Interest. Interest on the Federally Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Federally Taxable Bonds is less than the amount to be paid at maturity of such Federally Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Federally Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Federally Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Federally Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Federally Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Federally Taxable Bond.

Sale or Other Taxable Disposition of the Federally Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the City) or other disposition of a Federally Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Federally Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Federally Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Federally Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Federally Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Federally Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Federally Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Federally Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Federally Taxable Bonds. If the City defeases any Federally Taxable Bond, the Federally Taxable Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a U.S. Holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Federally Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Federally Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Federally Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Federally Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Federally Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act (“FATCA”). Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Federally Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Federally Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Federally Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

RATING

Moody’s Investors Service has assigned a rating of “Aa2” to the Bonds. An explanation of the significance of the rating can be obtained from the rating agency. There are no assurances that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may adversely affect the market price of the Bonds.

FINANCIAL ADVISOR

The City has retained Piper Sandler & Co., Portland, Oregon, as Financial Advisor in connection with the authorization and issuance of the Bonds. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Bonds. The Financial Advisor makes no guaranty, warranty or other representation on any matter related to the information contained in the Official Statement. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, marketing, trading or distributing municipal securities. The Financial Advisor’s compensation is contingent on the sale and delivery of the Bonds.

UNDERWRITING

Morgan Stanley & Co. LLC (the “Underwriter”) has agreed, subject to the terms of a Bond Purchase Agreement, to purchase all but not less than all of the Series A Bonds from the City at a price of \$99,665,606.17, reflecting the par amount of the Series A Bonds, less an underwriter’s discount of \$258,564.68, plus an original issue premium of \$3,969,170.85. The Underwriter has agreed, subject to the terms of a Bond Purchase Agreement, to purchase all but not less than all of the Series B Bonds from the City at a price of \$5,016,524.78, reflecting the par amount of the Series B Bonds, less an underwriter’s discount of \$13,475.22. The Bonds are being offered for sale to the public at the prices shown on the inside cover of this Official Statement.

The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds to investment trusts) and others at prices lower than the initial public offering prices indicated on the inside cover page hereof. The Underwriter may change the public offering prices from time to time without prior notice.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriter of the Bonds has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

OFFICIAL STATEMENT

At the time of the original delivery of and payment for the Bonds, the City will deliver a certificate of the Authorized Representative, addressed to the Underwriter to the effect that the Authorized Representative has examined the Official Statement and the financial and other data

concerning the City contained herein and that, to the best of his/her knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of the delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in the Official Statement or an amendment thereto.

CONTINUING DISCLOSURE

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the City, as the “obligated person” within the meaning of the Rule, has agreed to execute and deliver a Continuing Disclosure Certificate (“Certificate”) substantially in the form attached hereto as APPENDIX D for the benefit of the holders of the Bonds. As provided in the Certificate, the City will undertake for the benefit of registered and beneficial owners of the Bonds to provide to the MSRB, on an annual basis, not later than 270 days after the end of the City’s preceding Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, annual financial information, certain specified financial and operating data and timely notice of certain events to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission (“SEC”) for such purposes). This undertaking is to assist the Underwriter in complying with Rule 15c2-12 of the SEC.

Prior Undertakings. During the last five fiscal years, the City was obligated to provide Continuing Disclosure filings for its Full Faith and Credit Obligations, Series 2009; Full Faith and Credit Obligations, Series 2014A&B; Full Faith and Credit Obligations, Series 2016A&B; Full Faith and Credit Refunding Obligations, Series 2012A&B; Full Faith and Credit Refunding Obligations, Series 2019A&B-1&B-2&C; Airport Revenue Bonds, Series 2009; Water Revenue Bonds, Series 2010; Limited Tax Revenue Bonds, Series 2015A; Limited Tax Revenue Refunding Bonds, Series 2015B; and General Obligation Bonds, Series 2022 (“Outstanding Debt”). The City’s undertakings for its Water Revenue Bonds, Series 2010 require its annual financial information filed within 210 days of the end of the Fiscal Year. The City’s other undertakings require its annual financial information filing within 270 days of the end of the Fiscal Year (usually March 27).

Failure to File. During the previous five years, the City did not timely file audited financial statements and annual operating data for its fiscal year ended June 30, 2020, did not timely file certain annual operating data for Fiscal Year 2021, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings. In connection with a direct placement refunding in 2022, the City failed to provide timely notice of a new financial obligation on or before the date required in its prior continuing disclosure undertakings. It subsequently filed such notice and the related notice of such failure.

The City has implemented procedures to maintain compliance with its obligations under the Rule. The City has documented a continuing disclosure checklist that has been incorporated within the annual financial audit work plan to ensure compliance and identify any new or additional requirements and their respective filing due dates. This audit work plan is rolled forward from year

to year and to improve the City's ability to provide consistency and completeness in its continuing disclosure requirements over time as staffing changes occur.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof.

CITY OF REDMOND, OREGON

By: /s/ Jason Neff
Jason Neff
Deputy City Manager and
Chief Financial Officer

**APPENDIX A-1
ORDINANCE**

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**CITY OF REDMOND, OREGON
ORDINANCE NO. 2025-06**

AN ORDINANCE OF THE CITY OF REDMOND, OREGON, AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$105,700,000, IN ONE OR MORE SERIES, TO FINANCE CERTAIN AIRPORT EXPANSION PROJECTS AND TO FUND CAPITALIZED INTEREST; AUTHORIZING A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY TO SECURE THE REVENUE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF FINANCING, LEGAL AND DISCLOSURE DOCUMENTS THAT ESTABLISH THE TERMS FOR THE EXECUTION, SALE AND DELIVERY OF THE REVENUE BONDS, IN ONE OR MORE SERIES; DESIGNATING AUTHORIZED REPRESENTATIVES AND DELEGATING RESPONSIBILITIES; AND RELATED MATTERS.

WHEREAS, the City of Redmond, Oregon (“City”) is authorized by Oregon Revised Statutes (“ORS”) Section 287A.150 and related provisions of ORS Chapter 287A, the laws of the State of Oregon and its City Charter (collectively, the “Act”), to authorize and issue “revenue bonds” as defined in ORS 287A.001 for any public purpose, and to secure those bonds with a pledge of the City’s full faith and credit as provided in ORS 287A.315;

WHEREAS, the Act permits the City to authorize the issuance of such “revenue bonds” by enacting a nonemergency ordinance, but prohibits the City from selling such “revenue bonds” until the time period for referral of the ordinance has expired, to allow time for the electors of the City to gather signatures to refer the ordinance authorizing issuance of such “revenue bonds” to the voters;

WHEREAS, the City has determined that it is financially feasible and in the best interests of the City to provide for the financing of all or a portion of the following projects (collectively, the “Airport Expansion”), which include:

The Terminal Expansion Projects:

(1) Constructing and equipping new outbound baggage carousels and jet bridges and upgrading electrical systems at the Redmond Municipal Airport (the “Airport”);

(2) Constructing and equipping the expansion of the passenger holding area, including boarding space, public-use facilities, elevators and escalators, support infrastructure and concessions; and

The Quick Turnaround (QTA) Rental Car Facility Project:

(3) Constructing and equipping a facility that will be used by rental companies to fuel, clean, service and store vehicles.

WHEREAS, the City Council has determined that it is financially feasible and in the best interests of the City to authorize the issuance, in one or more series and at different times, of

“revenue bonds” to finance the Airport Expansion (the “Bonds”), and to pledge the full faith and credit of the City to secure the Bonds, all as more fully described below;

WHEREAS, the City intends to use the proceeds of the Bonds, together with other lawfully available funds of the City, to finance all or a portion of the following projects (collectively, the “Project”);

- (1) finance the Airport Expansion; and
 - (2) fund capitalized interest during the construction of the Airport Expansion;
- and
- (3) pay costs of issuance of the Bonds including, without limitation, the funding of any required reserves and payment of costs in connection with obtaining a Credit Enhancement Device (a “Credit Enhancement Device” as defined in ORS 287A.001) for the Bonds, if beneficial to the City.

WHEREAS, it is in the best interests of the City to authorize the execution and delivery of one or more bond declarations to establish the terms and conditions of the issuance, sale, execution and delivery of the Bonds (the “Bond Declaration”) and the preparation of any disclosure or offering documents (the “Official Statement”) and such other purchase agreements, sale documents and any other agreements, certificates or documents to provide for the issuance, sale, execution and delivery of the Bonds to finance the Project (collectively, the “Financing Documents”);

WHEREAS, the City enacts this Ordinance to authorize and provide (i) the terms under which the City may sell the Bonds, in a total aggregate principal amount not to exceed \$105,700,000; (ii) for the sale of the Bonds through a negotiated sale process; (iii) the establishment of the terms of issuance, sale, execution and delivery of the Bonds, in one or more series, and at different times, pursuant to the Financing Documents; and (iv) authorization of certain officials and employees of the City to take action on the City’s behalf in connection with the Bonds authorized by this Ordinance and the execution and delivery of the Financing Documents related to the Bonds.

NOW, THEREFORE, THE CITY OF REDMOND ORDAINS AS FOLLOWS:

Section 1. Procedure. The Bonds shall not be sold until the period for referral of this Ordinance has expired and this Ordinance takes effect. If this Ordinance is referred to the electors of the City, the City shall not sell the Bonds unless the electors approve this Ordinance.

Section 2. Authorization of the Bonds. The City hereby authorizes the issuance, in one or more series and at the same or different times, of the Bonds, in a total aggregate principal amount not to exceed \$105,700,000. The Bonds may be issued in any combination of Governmental tax-exempt bonds (“Governmental Tax-Exempt Bonds”), tax-exempt, private activity bonds not subject to the alternative minimum tax (“PAB Non-AMT Bonds”), tax-exempt, private activity bonds subject to the alternative minimum tax (the “PAB AMT Bonds” and collectively with the Governmental Tax-Exempt Bonds and the PAB Non-AMT Bonds, the “Tax-Exempt Bonds”) or taxable bonds (“Taxable Bonds”). The Bonds shall be “revenue bonds” issued pursuant to ORS 287A.150, payable from any lawfully available funds of the City and secured by a pledge of the full faith and credit of the City as specified in Section 4 below. The proceeds of the Bonds received

by the City pursuant to the terms of the Financing Documents shall be used, together with other lawfully available funds of the City, to pay all or a portion of the costs of the Project. The true interest cost of all Tax-Exempt Bonds shall not exceed 5.55% per annum. The true interest cost of the Taxable Bonds shall not exceed 6.00% per annum.

Section 3. Authorized Representative. Subject to this Ordinance taking effect, the City authorizes and directs the City Manager, the Deputy City Manager (Chief Financial Officer), or their respective designees (each, an “Authorized Representative”), each acting individually, to act on behalf of the City as set forth in Section 7 herein.

Section 4. Security. The Bonds shall be secured by and payable from the City’s general non-restricted revenues and other funds that are lawfully available for that purpose, including, the proceeds of the Bonds and revenues from an ad valorem tax authorized to be levied under the City’s permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The City pledges its full faith and credit and taxing power to the repayment of the Bonds as contemplated by ORS 287A.315, and any successor statute. The registered owners of the Bonds will not have a lien or security interest on the Project financed with the proceeds of the Bonds.

Section 5. Expected Use of Airport Revenues. The City expects to pay the debt service on the Bonds from revenues of the Airport, to the extent they are available. The City will enter into covenants consistent with this intent as provided in Sections 4, 5 and 7(e) herein. The Bonds are not secured by a pledge of, or lien on, the revenues of the Airport, and registered owners of the Bonds will not have a lien or security interest in such revenues.

Section 6. Tax-Exempt Status and Covenant as to Arbitrage. The City covenants to use the proceeds of the Tax-Exempt Bonds and the facilities financed with the proceeds of the Tax-Exempt Bonds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986 (the “Code”) so that the interest paid on the Tax-Exempt Bonds will not be includable in gross income of the owners of such Tax-Exempt Bonds. The City specifically covenants:

- (1) To comply with “arbitrage” provisions of Section 148 of the Code, and to pay any required rebates and penalties; and
- (2) To operate the facilities financed with the proceeds of the Governmental Tax-Exempt Bonds so that neither the Governmental Tax-Exempt Bonds, nor obligations refunded by them, are “private activity bonds” under Section 141 of the Code; and
- (3) To use the proceeds and the facilities financed with the proceeds of the Tax-Exempt Bonds designated as “private activity bonds” so that such Tax-Exempt Bonds constitute exempt-facility airport bonds within the meaning of Section 142(a)(1) of the Code; and
- (4) To comply with all reporting requirements.

The Authorized Representative may enter into covenants on behalf of the City to protect the tax-exempt status of the interest paid on any series of Tax-Exempt Bonds. The Authorized Representative will consult with Bond Counsel with respect to the use of proceeds of the Tax-Exempt Bonds to finance unspecified improvements to the Airport as authorized herein.

Section 7. Bond Financing Documents and Sale Authorized. Subject to this Ordinance taking effect, each Authorized Representative, acting singly, is authorized and directed, on behalf of the City without further approval of the City Council to take all such actions as are necessary to effect the issuance, sale, execution and delivery of the Bonds to finance the Project, as provided below:

(a) Issue and sell the Bonds in one or more series and at the same or different times and establish maturity dates for such series of Bonds;

(b) Establish the principal and interest payment dates, principal amounts, optional and mandatory redemption provisions, if any, coupon rates and yields, denominations and all other terms for the Bonds;

(c) Make any designations with respect to the federal tax treatment of the Bonds as may be necessary or appropriate upon the advice of Bond Counsel, including designating all or any portion of the Bonds as Governmental Tax-Exempt Bonds, PAB Non-AMT Bonds, PAB AMT Bonds or Taxable Bonds; enter into any covenants with respect to the tax status of the Bonds; and execute and deliver a tax certificate with respect to the tax status of the Bonds;

(d) Negotiate terms with Morgan Stanley & Co. LLC, as underwriter with respect to the Bonds, under which such Bonds shall be sold, and execute and deliver a purchase contract in the form approved by the Authorized Representative for such Bonds that incorporates those terms;

(e) Make any covenants necessary or desirable to obtain favorable financing terms on the Bonds, including any covenants with respect to the pledge of the City's full faith and credit to secure the Bonds and with respect to the expected use of revenues from the Airport to pay debt service on the Bonds as described in Section 5 herein;

(f) Negotiate the terms of, and execute and deliver the Financing Documents;

(g) Participate in the preparation of and authorize the distribution of preliminary and final official statements (the "Official Statement") relating to any series of Bonds, and "deem final" the preliminary Official Statement;

(h) Provide for the authentication, registration, payment, exchange and transfer of the Bonds in the Financing Documents;

(i) Obtain credit ratings on the Bonds if determined by the Authorized Representative to be in the best interest of the City and expend Bond proceeds to pay for the ratings;

(j) Approve the form of the Bonds and take actions necessary to qualify the Bonds for the book-entry system of The Depository Trust Company ("DTC"), and provide for the authentication, registration, payment, exchange and transfer of the Bonds;

(k) Approve, execute and deliver a Continuing Disclosure Certificate pursuant to the Securities and Exchange Commission Rule 15c2-12;

(l) Approve, execute and deliver closing documents and certificates relating to the sale of the Bonds and the execution and delivery of the Bonds and the Financing Documents;

(m) Enter into covenants regarding the use of the proceeds of the Bonds received by the City pursuant to the Financing Documents and the use of the Project;

(n) Evaluate any proposals from providers of Credit Enhancement Devices for the Bonds, obtain a Credit Enhancement Device for the Bonds and execute and deliver agreements related to such Credit Enhancement Device and/or including representations, agreements and covenants in the Bonds or the Financing Documents with respect to such Credit Enhancement Device; and

(o) Execute and deliver a certificate specifying the actions taken pursuant to this Ordinance, and any other certificates, documents or agreements or take any other action that an Authorized Representative determines are desirable to execute and deliver the Financing Documents, the Official Statement and all other documents and agreements related to the Bonds and to sell and deliver the Bonds in accordance with this Ordinance.

Section 8. Defeasance. The City may defease the Bonds pursuant to the terms of the Financing Documents.

Section 9. Appointment of Bond Counsel, Disclosure Counsel, Financial Advisor and Underwriter. The City hereby appoints Orrick, Herrington & Sutcliffe LLP of Portland, Oregon, as bond counsel and disclosure counsel to the City with respect to the Bonds; Piper Sandler & Co., as financial advisor to the City with respect to the Bonds; and Morgan Stanley & Co. LLC, as underwriter with respect to the Bonds, and agrees to pay their respective fees associated with the issuance of the Bonds.

Section 10. Ordinance to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by the Owners, the provisions of this Ordinance shall be part of the contract of the City with the Owners and shall be deemed to be and shall constitute a contract between the City and the Owners pursuant to ORS 287A.315 and ORS 287A.325, or any successor statute. The covenants, pledges, representations and warranties contained in this Ordinance, or in the documents executed in connection with the Bonds, including without limitation the City's covenants and pledges contained in Section 4 of this Ordinance, and the other covenants and agreements to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Ordinance.

Section 11. Effective Date of Ordinance. This Ordinance shall be effective 30 days after its enactment by the City Council pursuant to Section 32 of the City Charter unless it is successfully referred as provided by Oregon law.

PASSED by the City Council and **APPROVED** by the Mayor this 25th day of March 2025.

By: _____
Ed Fitch, Mayor

ATTEST:

By: _____
Kayla Duddy, Deputy City Recorder

APPENDIX A-2
FORM OF BOND DECLARATION

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BOND DECLARATION

by the

City of Redmond, Oregon

relating to

\$95,955,000
FULL FAITH AND CREDIT BONDS
SERIES 2025A
(AIRPORT EXPANSION PROJECTS)
(AMT)

\$5,030,000
FULL FAITH AND CREDIT BONDS
SERIES 2025B
(AIRPORT EXPANSION PROJECTS)
(FEDERALLY TAXABLE)

Dated July 22, 2025

Orrick, Herrington & Sutcliffe LLP

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BOND DECLARATION

THIS BOND DECLARATION, dated July 22, 2025, is executed on behalf of the City of Redmond, Oregon (the “City”), by its Deputy City Manager & Chief Financial Officer, acting as an “Authorized Representative” pursuant to Ordinance 2025-06, enacted by the City Council of the City on March 25, 2025 (the “Ordinance”). The Ordinance authorizes the Authorized Representative to execute a certificate, document or agreement which contains the terms of the City’s Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT) (the “Series A Bonds”), and its Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable) (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”), and the covenants of the City relating to those Bonds.

SECTION 1 DEFINITIONS

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

“2025 Bonds Projects” means the following the projects, without limitation, which relates to the anticipated improvements at the Airport:

- a) Constructing and equipping new outbound baggage carousels and jet bridges and upgrading electrical systems;
- b) Constructing and equipping the expansion of the passenger holding area, including boarding space, public-use facilities, elevators and escalators, support infrastructure and concessions; and
- c) Constructing and equipping a facility that will be used by rental companies to fuel, clean, service and store vehicles.

“Airport” means the airport owned and operated by the City.

“Authorized Denominations” means denominations of \$5,000 and any integral multiple thereof within a single maturity date.

“Authorized Representative” means the City Manager, the Deputy City Manager (Chief Financial Officer), or their respective designees, each acting individually, to act on behalf of the City pursuant to the Ordinance.

“Beneficial Owner” means any Person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries).

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Blanket Issuer Letter of Representations” means the City’s Blanket Issuer Letter of Representations dated January 14, 2019, as filed with The Depository Trust Company in New York City, New York.

“Bond Declaration” means this bond declaration, including any amendments made in accordance with Section 8 of this Bond Declaration.

“Bond Register” means the records kept for the registration of Bonds by the Registrar pursuant to Section 7.2 herein.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the Paying Agent or offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“City” means the City of Redmond, Oregon, located in Deschutes County, Oregon.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate executed and delivered by the City in connection with the Bonds.

“Delivery Date” means July 22, 2025.

“DTC” means The Depository Trust Company and any successor to it or any nominee of DTC.

“DTC Participants” means those financial institutions for whom DTC effects book-entry transfers and pledges of securities deposited with DTC, as such listing of DTC Participants exists at the time of such reference.

“Event of Default” refers to an Event of Default listed in Section 9.1 of this Bond Declaration.

“Government Obligations” means (i) direct, noncallable obligations of the United States of America; or (ii) noncallable obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Interest Payment Date” means June 1 and December 1 of each year, commencing December 1, 2025.

“Ordinance” means Ordinance 2025-06, enacted by the City Council of the City on March 25, 2025, in full force and effect on April 24, 2025, which authorizes the issuance, sale, execution and delivery of the Bonds and the execution and delivery of this Bond Declaration.

“Outstanding” refers to all Bonds authorized and delivered pursuant to this Bond Declaration except Bonds that have been paid, canceled, or defeased, pursuant to Section 10 of

this Bond Declaration, and Bonds that have matured but have not been presented for payment for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” or “Bondowner” means the person shown on the Bond Register maintained by the Paying Agent as the registered owner of a Bond. While the Bonds are in BEO form, principal and interest payments shall be made payable to the order of “Cede & Co.” as nominee of DTC or its registered assigns, in same-day funds on each payment date.

“Paying Agent” or “Registrar” means, respectively, the paying agent and the registrar for the Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank Trust Company, National Association, Portland, Oregon.

“Person” shall mean any natural person, firm, joint venture, association, partnership, business, trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

“Record Date” means the close of business on the 15th day of the calendar month preceding an applicable Interest Payment Date.

“Tax Certificate” means the Tax Certificate executed and delivered by the City on the Delivery Date with respect to the Bonds.

SECTION 2

BOND ISSUANCE; APPLICATION OF PROCEEDS; FUNDS AND ACCOUNTS

2.1 Bond Issuance. Pursuant to the Ordinance, the City hereby issues, executes and delivers its Series A Bonds in an aggregate principal amount of \$95,955,000 and its Series B Bonds in an aggregate principal amount of \$5,030,000. The Bonds shall be dated the Delivery Date, shall bear interest at the following rates per annum payable on June 1 and December 1 of each year, commencing December 1, 2025, and shall mature on the following dates in the following principal amounts:

Series 2025A (AMT)

PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE (June 1)	CUSIP NO. (757657)
\$ 1,985,000	5.000%	2028	YY1
2,085,000	5.000	2029	YZ8
2,190,000	5.000	2030	ZA2
2,300,000	5.000	2031	ZB0
2,415,000	5.000	2032	ZC8
2,535,000	5.000	2033	ZD6
2,660,000	5.000	2034	ZE4
2,795,000	5.000	2035	ZF1
2,935,000	5.000	2036	ZG9
3,080,000	5.000	2037	ZH7
3,235,000	5.000	2038	ZJ3
3,395,000	5.000	2039	ZK0
3,565,000	5.000	2040	ZL8
3,745,000	5.250	2041	ZM6
3,940,000	5.250	2042	ZN4
4,150,000	5.250	2043	ZP9
4,365,000	5.250	2044	ZQ7
4,595,000	5.250	2045	ZR5
39,985,000*	5.500	2052	ZS3

* Term Bond

Series 2025B (Federally Taxable)

PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE (June 1)	CUSIP NO. (757657)
\$5,030,000*	5.950%	2045	ZT1

* Term Bond

The Bonds shall be issued initially only as fully registered bonds without coupons in Authorized Denominations. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America in same-day funds and shall be payable by the Paying Agent upon presentation and surrender of the Bonds as they become due at the corporate trust operations office of the Paying Agent. Interest on the Bonds shall be payable by the Paying Agent to the registered Owners thereof by check or draft mailed on the Interest Payment Date (or the next Business Day if the payment date is not a Business Day) to such registered Owners at their addresses as they appear on the Bond Register on the Record Date. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment. The principal of, premium, if any, and interest payable to any person holding Bonds in

the aggregate principal amount of \$1,000,000 or more will be payable, upon the written request of any such registered Owners in form and substance satisfactory to the Paying Agent, by wire transfer of immediately available funds to an account designated by such registered Owners on or before the Record Date.

2.2 Application of Bond Proceeds. The proceeds of the Bonds shall be used to provide funds, together with other lawfully available funds of the City, to finance all or a portion of the 2025 Bonds Projects, to pay capitalized interest on the Bonds and to pay costs of issuance of the Bonds.

2.3 Funds and Accounts.

(a) The City shall establish and maintain a special account of the City designated as the “2025 Full Faith and Credit Bonds Debt Service Account,” separate and apart from all other funds and moneys, to secure the payment of debt service on the Bonds.

(b) The City shall establish and maintain a special account of the City designated as the “2025 Full Faith and Credit Bonds Project Account,” separate and apart from all other funds and moneys, to pay the costs of the 2025 Bonds Projects.

(c) The City shall establish and maintain a special account of the City designated as the “2025 Full Faith and Credit Bonds Capitalized Interest Account,” separate and apart from all other funds and moneys, to pay capitalized interest on the Bonds during the construction of the 2025 Bonds Projects. If any amounts remain in the 2025 Full Faith and Credit Bonds Capitalized Interest Account following the 2025 Bonds Projects being placed-in-service, such amounts shall be transferred to the 2025 Full Faith and Credit Bonds Debt Service Account, and the 2025 Full Faith and Credit Bonds Capitalized Interest Account may be closed.

(d) The City shall establish and maintain a special account of the City designated as the “2025 Full Faith and Credit Bonds Costs of Issuance Account,” separate and apart from all other funds and moneys, to pay the costs of legal, accounting, organization, marketing or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the City in connection with the issuance of the Bonds. The City acknowledges that the moneys in the 2025 Full Faith and Credit Bonds Costs of Issuance Account available for payment of the foregoing costs may not be sufficient to pay such costs in full and agrees to pay that portion of such costs in excess of the amount in the 2025 Full Faith and Credit Bonds Costs of Issuance Account from any moneys legally available for such purpose. Following the payment of all costs of issuance of the Bonds, if any amounts remain in the 2025 Full Faith and Credit Bonds Costs of Issuance Account, such amounts shall be transferred to the 2025 Full Faith and Credit Bonds Debt Service Account, and the 2025 Full Faith and Credit Bonds Costs of Issuance Account may be closed.

SECTION 3 SECURITY FOR BONDS

As provided in the Ordinance, the Bonds shall be secured by and payable from the City's general non-restricted revenues and other funds that are lawfully available for that purpose, including, the revenues from an ad valorem tax authorized to be levied under the City's permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The City pledges its full faith and credit and taxing powers to the repayment of the Bonds pursuant to ORS 287A.315, and any successor statute. The registered owners of the Bonds will not have a lien or security interest on the 2025 Bonds Projects financed with the proceeds of the Bonds or any specific revenue source the City may expect to use as the primary source of repayment of the Bonds.

The Bonds are not secured by a pledge of, or lien on, the revenues of the Airport, and registered owners of the Bonds will not have a lien or security interest in such revenues.

SECTION 4 TAX COVENANTS OF THE CITY

As more specifically provided in the Tax Certificate, the City covenants with the owners of the Series A Bonds to use the proceeds of the Bonds and to otherwise comply with the provisions of the Code so that interest paid on the Series A Bonds will not be includable in gross income of the Owners for federal income tax purposes.

SECTION 5 BOOK ENTRY ONLY SYSTEM

5.1 The Bonds shall be issued initially in the form of a separate single fully registered Bond for each maturity of the Bonds and shall be held in BEO form. While the Bonds are in BEO form, no physical Bonds shall be provided to the Beneficial Owners and the registration and transfer of beneficial interests in the Bonds shall be governed by the Blanket Issuer Letter of Representations and the operational procedures of DTC, as in effect from time to time. So long as the Bonds are in BEO form:

(a) DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of Bonds. Bond payments shall be made, and notices shall be given, to DTC in accordance with the Blanket Issuer Letter of Representations. Any failure of DTC to advise any of its DTC Participants, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of Bonds called for redemption or of any other action premised on such notice.

(b) The City and the Paying Agent shall have no responsibility or obligation to any DTC Participant or correspondent of DTC or to any Beneficial Owner on behalf of

which such DTC Participants or correspondents act as agent for the Beneficial Owner with respect to:

- (1) the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any Beneficial Owner's interest in the Bonds;
- (2) the delivery to any DTC Participant or correspondent or any other person of the notice with respect to the Bonds, including any notice of redemption;
- (3) the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or
- (4) the payment to any DTC Participant, correspondent, or any other person other than the registered owner of the Bonds as shown in the Bond Register maintained by the Registrar, of any amount with respect to principal, any premium or interest on the Bonds.

The provisions of this Section 5 may be modified without the consent of the Beneficial Owners in order to conform this Section to the standard practices of DTC or any successor depository for Bonds held in BEO form.

5.2 The City may discontinue maintaining the Bonds in the BEO form at any time. The City shall discontinue maintaining the Bonds in BEO form if DTC determines not to continue to act as securities depository for the Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found. If the City discontinues maintaining the Bonds in BEO form at any time, the City shall cause the Registrar to authenticate and deliver replacement Bonds in fully registered form in Authorized Denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 7, below, regarding registration, transfer and exchange of Bonds shall apply.

Should the BEO system be discontinued, the Bonds shall be issued in the form of fully registered Bonds without coupons in Authorized Denominations. Such Bonds may be exchanged for Bonds of the same aggregate principal amount, but different Authorized Denominations, as provided in Section 7.3 herein.

SECTION 6 REDEMPTION OF BONDS

6.1 Series A Bonds

(a) **Optional Redemption.** The Series A Bonds maturing on or after June 1, 2036 are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2035 and on any date thereafter, at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

(b) **Mandatory Redemption.** The Series A Bonds stated to mature on June 1, 2052 are term bonds (the "Series A Term Bond") subject to mandatory sinking fund

redemption, in part, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the dated fixed for redemption, on June 1 in the years and in the amounts as set forth below:

2025 Series A Term Bonds Maturing on June 1, 2052

Year (June 1)	Sinking Fund Redemption
2046	\$4,835,000
2047	5,105,000
2048	5,385,000
2049	5,680,000
2050	5,990,000
2051	6,320,000
2052 [†]	6,670,000

[†] Final maturity.

If a Series A Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Series A Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) will be credited against one or more scheduled mandatory redemption installments for that Series A Term Bond in the manner described below regarding the selection of Series A Bonds for redemption

6.2 Series B Bonds

(a) **Optional Redemption.** The Series B Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2035 and on any date thereafter, at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

(b) **Mandatory Redemption.** The Series B Bonds are term bonds subject to mandatory sinking fund redemption, in part, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the dated fixed for redemption, on June 1 in the years and in the amounts as set forth below:

2025 Series B Term Bonds Maturing on June 1, 2045

Year (June 1)	Sinking Fund Redemption
2026	\$175,000
2027	145,000
2028	155,000
2029	160,000
2030	170,000
2031	180,000
2032	195,000
2033	205,000
2034	215,000
2035	230,000
2036	245,000
2037	255,000
2038	275,000
2039	290,000
2040	305,000
2041	325,000
2042	345,000
2043	365,000
2044	385,000
2045 [†]	410,000

[†] Final maturity.

If a Series B Bonds are redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Series B Bonds so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) will be credited against one or more scheduled mandatory redemption installments for that Series B Bond in the manner described below regarding the selection of Series B Bonds for redemption.

(c) **Make-Whole Call Provisions.** At the option of the City, the Series B Bonds also are subject to redemption as a whole or in part on any date prior to June 1, 2035, at a redemption price described below (the “Make-Whole Redemption Price”).

The “Make-Whole Redemption Price” is equal to the greater of (1) 100 percent of the principal amount of the Series B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series B Bonds are to be redeemed, discounted to the date on which the Series B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points; plus, in each case, accrued interest on the Series B Bonds to be redeemed to the date on which the Series B Bonds are to be redeemed.

“Treasury Rate” means, with respect to any redemption date for a particular Series B Bond, the yield to maturity as of such Valuation Date of United State Treasury securities with a constant maturity (as compiled and

published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available on the Valuation Date selected by the City (excluding inflation indexed securities) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series B Bond (taking into account any sinking fund installments for such Series B Bonds) to be redeemed.

“Designated Investment Banker” means a Reference Treasury Dealer appointed by the City.

“Reference Treasury Dealer” means primary United States Government securities dealers in the City of New York (a “Primary Treasury Dealer”).

“Valuation Date” means at least three (3) Business Days but not more than thirty (30) calendar days prior to the date of redemption.

In connection with an optional redemption of Series B Bonds prior to their stated maturity dates, as a whole or in part, on any business day, at the Make-Whole Redemption Price, the City will appoint a Designated Investment Banker to take any further actions as provided in the Bond Declaration.

The redemption price of such Series B Bonds to be redeemed will be verified by an independent accounting firm, investment banking firm, or financial advisor retained by the City to calculate such redemption price. The City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm, or financial advisor and will not be liable for such reliance.

6.3 Selection of Bonds for Redemption.

(a) **Series A Bonds.** For as long as the Series A Bonds are in BEO form, if fewer than all of the Series A Bonds of a maturity are called for redemption, the selection of the Series A Bonds within such maturity to be redeemed shall be made by DTC in accordance with its operational procedures as then in effect. If the Series A Bonds are no longer held in BEO form, the Paying Agent shall select the Series A Bonds within such maturity for redemption by lot.

(b) **Series B Bonds.** If the Series B Bonds are registered in BEO form and so long as DTC or a successor securities depository is the sole registered owner of the Series B Bonds, if fewer than all of a maturity of the Series B Bonds are to be redeemed prior to maturity, the particular Series B Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the Series B Bonds are held in BEO form, the selection for redemption of such Series B Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Paying Agent pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the

Series B Bonds will be selected for redemption in accordance with DTC procedures by lot within a maturity.

It is the City's intent with respect to the Series B Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series B Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series B Bonds will be selected for redemption in accordance with DTC procedures by lot.

If the Series B Bonds are not registered in BEO form, the Series B Bonds will be assigned certificate numbers. Any redemptions of less than all of a maturity of a series of the Series B Bonds shall be effected by the Paying Agent by designating such Series B Bonds for optional redemption within a maturity in the order of the assigned certificate numbers.

6.4 Notice of Redemption (Book-Entry). So long as the Bonds are in BEO form, the Paying Agent shall notify DTC of an early redemption not less than 20 calendar days (or such lesser time period that is acceptable to the Paying Agent and consistent with the operational arrangements of DTC) nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by the Blanket Issuer Letter of Representations submitted to DTC in connection with the issuance of the Bonds. Official written notice of redemption will be given by the City to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The City reserves the right to rescind any redemption notice as allowed in Section 6.6 of this Bond Declaration.

6.5 Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in BEO form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of the official redemption notice by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. Official written notice of redemption will be given by the City to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. The City reserves the right to rescind any redemption notice as allowed in Section 6.6 of this Bond Declaration.

6.6 Conditional Notice of Redemption. Any notice of optional redemption may state that (i) (a) the optional redemption is conditional upon receipt by the Paying Agent on the date fixed for redemption of moneys sufficient to pay the redemption price of the Bonds that are to be redeemed and/or (b) the optional redemption is conditional upon the satisfaction of any other condition, and/or that such notice of redemption may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time prior to the date fixed for redemption if any such condition so specified is not satisfied or if any such other

event occurs, and that (ii) such notice shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. The Registrar shall give notice to the affected Owners of the Bonds as promptly as practicable upon the City's failure to make such funds available or of the rescission of such notice.

6.7 Effect of Redemption. Notice of redemption having been duly given as aforesaid, the Bonds or portions thereof so called for redemption (unless, in the case of conditional redemption, such notice is rescinded or any condition to redemption is not satisfied), shall become due and payable, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Paying Agent on the date fixed for redemption designated in such notice, interest on the Bonds so called for redemption shall cease to accrue and said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Bond Declaration (except for payment of particular Bonds for which moneys are being held by the Paying Agent and which money shall be pledged to such payment), and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said principal, premium, if any, and interest accrued to the date fixed for redemption. If the Paying Agent does not have sufficient funds on the date fixed for redemption to pay the redemption price of all of the Bonds to be optionally redeemed for any reason, then the optional redemption shall be cancelled and any notice thereof shall be void, but such event shall not constitute an Event of Default under this Bond Declaration. In addition, if the City shall have delivered to the Registrar no later than one (1) business day prior to the date fixed for redemption for any Bonds, written notice of its decision to rescind its prior request for redemption, then the purported optional redemption shall be canceled and any prior notice thereof shall be void.

6.8 Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Registrar shall authenticate and deliver to the Owner thereof a new Bond or Bonds of Authorized Denominations and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

6.9 Open Market Purchase. The City reserves the right to purchase Bonds in the open market.

SECTION 7 AUTHENTICATION, REGISTRATION AND TRANSFER

7.1 No Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Bond Declaration.

7.2 The ownership of all Bonds shall be entered in the Bond Register maintained by the Registrar, and the City, the Registrar and the Paying Agent may treat the person listed as owner in the Bond Register as the owner of the Bond for all purposes.

7.3 Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity that are in different Authorized Denominations, and Bonds may be transferred to other Owners if the Owner submits the following to the Registrar:

- (a) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and
- (b) the Bonds to be exchanged or transferred.

7.4 The Registrar shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following Interest Payment Date; however, such Bonds shall be exchanged or transferred promptly following that Interest Payment Date.

7.5 The Registrar shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Owner's name is listed on the Bond Register.

7.6 For purposes of this Section 7, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section 7.3, above.

7.7 In the event any Bond is mutilated, lost, stolen or destroyed, the Registrar may issue a new Bond of like maturity, interest rate and denomination if the owner of such mutilated, lost, stolen or destroyed Bond provides to the Registrar an affidavit, certificate or other reliable proof that the Registrar reasonably finds protects the City from conflicting claims for payment under the Bonds.

7.8 The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners by first class mail, postage prepaid, at the addresses set forth on the Bond Register. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

SECTION 8 AMENDMENT OF BOND DECLARATION

8.1 The City may amend this Bond Declaration without the consent of any Owner for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Bond Declaration;
- (b) To add to the covenants and agreements of the City in this Bond Declaration other covenants and agreements to be observed by the City that are not contrary to or inconsistent with this Bond Declaration as theretofore in effect;
- (c) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration or any supplemental declaration;

(d) To make any change that, in the reasonable judgment of the City, does not materially and adversely affect the rights of the Owners.

8.2 This Bond Declaration may be amended for any other purpose only upon receipt of the written consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected Bonds then Outstanding; provided, however, no amendment shall be valid without the consent of Owners representing not less than one hundred percent (100%) in aggregate principal amount of Bonds then Outstanding, that:

(a) Extends the maturity of any Bonds, reduces the rate of interest upon any Bonds, extends the time of payment of interest on any Bonds, reduces the amount of principal payable on any Bonds, or reduces any premium payable on any Bonds; or

(b) Reduces the percent of Owners required to approve amendments to this Bond Declaration.

SECTION 9 DEFAULT AND REMEDIES

9.1 The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:

(a) Failure by the City to pay Bond principal, interest or premium, if any, when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption and if conditional notice of optional redemption delivered pursuant to Section 6.6 herein has not been rescinded);

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of 60 days after written notice to the City by the Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9.1(b); or

(c) The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.

9.2 The Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 9.1(a).

9.3 Upon the occurrence and continuance of any Event of Default hereunder, the Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the

rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by this Bond Declaration or by law. However, the Bonds shall not be subject to acceleration.

9.4 No remedy in this Bond Declaration conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by the Ordinance, this Bond Declaration or by law.

SECTION 10 DEFEASANCE

The City may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient without reinvestment to pay all principal and interest on the defeased Bonds until their maturity date or any earlier redemption date. Bonds which have been defeased pursuant to this Bond Declaration shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Bond Declaration except the right to receive payment from such special escrow account.

SECTION 11 BOND FORM

The Bonds shall be issued in substantially the forms attached to this Bond Declaration as Appendices A-1 and A-2, with any changes that are approved by an Authorized Representative of the City. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City and attested to by the manual or facsimile signature of an Authorized Representative of the City. The Bonds shall be authenticated with the manual signature of the Registrar.

SECTION 12 BOND REGISTRAR; PAYING AGENT

U.S. Bank Trust Company, National Association in Portland, Oregon is hereby appointed as the initial Paying Agent and Bond Registrar for the Bonds.

SECTION 13 CONTRACT WITH OWNERS; RULES OF CONSTRUCTION

13.1 In consideration of the purchase and acceptance of any or all of the Bonds by the Owners, the provisions of this Bond Declaration shall be part of the contract of the City with the

Owners and shall be deemed to be and shall constitute a contract between the City and the Owners pursuant to ORS 287A.315 and ORS 287A.325, or any successor statute. The covenants, pledges, representations and warranties contained in this Bond Declaration, or in the closing documents executed in connection with the Bonds, including without limitation the City's covenants and pledges contained in this Bond Declaration, and the other covenants and agreements to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Bond Declaration.

13.2 In determining the meaning of provisions of the Bond Declaration, the following rules shall apply unless the context clearly requires application of a different meaning.

- (a) References to section numbers shall be construed as references to sections of this Bond Declaration.
- (b) References to one gender shall include all genders.
- (c) References to the singular shall include the plural, and references to the plural shall include the singular.

[SIGNATURE PAGE FOLLOWS]

DATED this 22nd day of July 2025.

CITY OF REDMOND, OREGON

By: _____
Jason Neff
Deputy City Manager & Chief Financial Officer

**APPENDIX A-1
Form of Series A Bond**

NO. R-____

\$ _____

**UNITED STATES OF AMERICA
STATE OF OREGON
DESCHUTES COUNTY**

**CITY OF REDMOND, OREGON,
FULL FAITH AND CREDIT BONDS, SERIES 2025A
(AIRPORT EXPANSION PROJECTS) (AMT)**

DATED DATE	INTEREST RATE PER ANNUM	MATURITY DATE	CUSIP NO.
July __, 2025	____%	June 1, 20__	757657__

REGISTERED OWNER: -- CEDE & CO. --

PRINCIPAL AMOUNT: -- _____ DOLLARS (\$ _____) --

The CITY OF REDMOND, OREGON, DESCHUTES COUNTY, OREGON (the “City”), for value received, acknowledges itself indebted and hereby promises to pay to the registered owner hereof, or registered assigns, the principal amount indicated above on the above maturity date together with interest thereon from the date hereof at the rate per annum indicated above, computed on the basis of a 360-day year comprised of twelve 30-day months. Interest is payable semiannually on the first day of June and the first day of December in each year until maturity, commencing December 1, 2025, to the registered owner at the address appearing on the bond register as of the close of business on the fifteenth day of the calendar month preceding the applicable interest payment. The City's bond registrar and paying agent, which is currently U.S. Bank Trust Company, National Association, in Portland, Oregon (the “Registrar”), will make principal and interest payments to the registered owner. Principal and interest payments, made payable to the order of “Cede & Co.,” shall be received by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) or its registered assigns, in same-day funds on each payment date.

This Bond is one of a duly authorized series of bonds designated “City of Redmond, Oregon Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT),” in the aggregate principal amount of \$95,955,000 (the “Bonds”), issued by the City for the purpose of providing funds to finance all or a portion of the costs associated with the following projects: (i) financing all or a portion of the 2025 Bonds Projects, (ii) paying capitalized interest on the Bonds, and (iii) paying costs of issuance of the Bonds. The Bonds are issued pursuant to the City’s authorizing Ordinance 2025-06 enacted by the City Council of the City on March 25, 2025 (the “Ordinance”), and effective on April 24, 2025, and a Bond Declaration dated July 22,

2025 (the “Bond Declaration”). Capitalized terms used but not defined herein have the meaning given such terms in the Bond Declaration and in the Ordinance. The Bonds are issued in full and strict accordance and compliance with all of the provisions of the Statutes of the State of Oregon.

Optional Redemption. The Bonds maturing on or after June 1, 2036 are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2035 and on any date thereafter, at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption. The Bonds stated to mature on June 1, 2052 are term bonds (the “Term Bonds”) subject to mandatory sinking fund redemption, in part, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on June 1 in the years and in the amounts as set forth below:

2025 Series A Term Bonds Maturing on June 1, 2052

Year (June 1)	Sinking Fund Redemption
2046	\$4,835,000
2047	5,105,000
2048	5,385,000
2049	5,680,000
2050	5,990,000
2051	6,320,000
2052 [†]	6,670,000

[†] Final maturity.

If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) will be credited against one or more scheduled mandatory redemption installments for that Term Bond in the manner described below regarding the selection of Bonds for redemption.

Selection of Bonds for Redemption. For as long as the Bonds are in BEO form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within such maturity to be redeemed shall be made by DTC in accordance with its operational procedures as then in effect. If the Bonds are no longer held in BEO form, the Registrar shall select the Bonds within such maturity for redemption by lot.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry form, the Paying Agent shall notify DTC of an early redemption not less than 20 calendar days (or such lesser time period that is acceptable to the Paying Agent and consistent with the operational arrangements of DTC) nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by the Blanket Issuer Letter of Representations submitted to DTC in connection with the issuance of the Bonds. Official written notice of redemption will be given by the City to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The City reserves the right to rescind any redemption notice as allowed in Section 6.6 of the Bond Declaration.

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of the official redemption notice by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. Official written notice of redemption will be given by the City to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. The City reserves the right to rescind any redemption notice as allowed in Section 6.6 of the Bond Declaration.

Conditional Notice of Redemption. Any notice of optional redemption may state that (i) (a) the optional redemption is conditional upon receipt by the Paying Agent on the date fixed for redemption of moneys sufficient to pay the redemption price of the Bonds that are to be redeemed and/or (b) the optional redemption is conditional upon the satisfaction of any other condition, and/or that such notice of redemption may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time prior to the date fixed for redemption if any such condition so specified is not satisfied or if any such other event occurs, and that (ii) such notice shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. The Registrar shall give notice to the affected Owners of the Bonds as promptly as practicable upon the City's failure to make such funds available or of the rescission of such notice.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, the Bonds or portions thereof so called for redemption (unless, in the case of conditional redemption, such notice is rescinded or any condition to redemption is not satisfied), shall become due and payable, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Paying Agent on the date fixed for redemption designated in such notice, interest on the Bonds so called for redemption shall cease to accrue and said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Bond Declaration (except for payment of particular Bonds for which moneys are being held by the Paying Agent and which money shall be pledged to such payment), and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said principal, premium, if any, and interest accrued to the date fixed for redemption. If the Paying Agent does not have sufficient funds on the date fixed for redemption to pay the redemption price of all of the Bonds to be optionally redeemed for any reason, then the optional redemption shall be cancelled and any notice thereof shall be void, but such event shall not constitute an Event of Default under this Bond Declaration. In addition, if the City shall have delivered to the Registrar no later than one (1) business day prior to the date fixed for redemption for any Bonds, written notice of its decision to rescind its prior request for redemption, then the purported optional redemption shall be canceled and any prior notice thereof shall be void.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Registrar shall authenticate and deliver to the Owner thereof a new Bond or Bonds of Authorized Denominations and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Open Market Purchase. The City reserves the right to purchase Bonds in the open market.

The Bonds are initially issued as a book-entry-only security issue with no certificates provided to the Beneficial Owners. Records of Bond ownership will be maintained by the Registrar and DTC and its participants.

Should the book-entry-only security system be discontinued, the Bonds shall be issued in the form of fully registered Bonds without coupons in Authorized Denominations. Such Bonds may be exchanged for Bonds of the same aggregate principal amount, but different Authorized Denominations, as provided in the Bond Declaration.

Any transfer of this Bond must be registered, as provided in the Bond Declaration, upon the Bond Register kept for that purpose at the principal corporate trust office of the Registrar. Upon registration, a new registered Bond or Bonds, of the same maturity and in the same aggregate principal amount shall be issued to the transferee as provided in the Ordinance and the Bond Declaration. The City and the Registrar may treat the person in whose name this Bond is registered as its absolute owner for all purposes, as provided in the Bond Declaration.

The Bondowner may exchange or transfer this Bond only by surrendering it, together with a written instrument of transfer which is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney, at the principal corporate trust office of the Registrar in the manner and subject to the conditions set forth in the Bond Declaration.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the City or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Statutes of the State of Oregon and the Charter of the City; that the issue of which this Bond is a part, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution, Statutes and Charter.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Declaration until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be signed by the facsimile signature of its Mayor and attested to by the facsimile signature of an Authorized Representative of the City as of the date indicated above.

CITY OF REDMOND, OREGON

By: _____
Ed Fitch
Mayor

ATTEST:

By: _____
Authorized Representative

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

AUTHENTICATION DATE: July __, 2025.

CERTIFICATE OF AUTHENTICATION

This is one of the City of Redmond, Oregon Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT), dated July __, 2025, issued pursuant to the Ordinance and Bond Declaration described herein.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Registrar and Paying Agent

By: _____
Authorized Officer

This Bond shall remain in the Registrar's custody subject to the provisions of the Fast Automated Securities Transfer (FAST) agreement currently in effect between U.S. Bank Trust Company, National Association, as Registrar, and The Depository Trust Company, New York, New York.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfer unto:

Name of Transferee: _____

Address: _____

Tax Identification No. _____

the within Bond and hereby irrevocably constitutes and appoints _____

_____ to transfer said Bond on the books

kept for registration thereof with full power of substitution in the premises.

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Dated:

SIGNATURE GUARANTEED:

Bank, Trust Company or Member
Firm of the New York Stock Exchange

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--	as tenants in common	UNIF TRFS MIN ACT	(Cust)	(Minor)
TEN ENT	--	as tenants by the entireties	under Uniform Transfer to Minors Act		(State)
JT TEN	--	as joint tenants with right of survivorship and not as tenants in common			

Additional abbreviations may also be used although not in the above list.

**APPENDIX A-2
Form of Series B Bond**

NO. R-____

\$ _____

**UNITED STATES OF AMERICA
STATE OF OREGON
DESCHUTES COUNTY**

**CITY OF REDMOND, OREGON,
FULL FAITH AND CREDIT BONDS, SERIES 2025B
(AIRPORT EXPANSION PROJECTS) (FEDERALLY TAXABLE)**

DATED DATE	INTEREST RATE PER ANNUM	MATURITY DATE	CUSIP NO.
July __, 2025	____%	June 1, 20__	757657__

REGISTERED OWNER: -- CEDE & CO. --

PRINCIPAL AMOUNT: -- _____ DOLLARS (\$ _____) --

The CITY OF REDMOND, OREGON, DESCHUTES COUNTY, OREGON (the “City”), for value received, acknowledges itself indebted and hereby promises to pay to the registered owner hereof, or registered assigns, the principal amount indicated above on the above maturity date together with interest thereon from the date hereof at the rate per annum indicated above, computed on the basis of a 360-day year comprised of twelve 30-day months. Interest is payable semiannually on the first day of June and the first day of December in each year until maturity, commencing December 1, 2025, to the registered owner at the address appearing on the bond register as of the close of business on the fifteenth day of the calendar month preceding the applicable interest payment. The City’s bond registrar and paying agent, which is currently U.S. Bank Trust Company, National Association, in Portland, Oregon (the “Registrar”), will make principal and interest payments to the registered owner. Principal and interest payments, made payable to the order of “Cede & Co.,” shall be received by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) or its registered assigns, in same-day funds on each payment date.

This Bond is one of a duly authorized series of bonds designated “City of Redmond, Oregon Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable),” in the aggregate principal amount of \$5,030,000 (the “Bonds”), issued by the City for the purpose of providing funds to finance all or a portion of the costs associated with the following projects: (i) financing all or a portion of the 2025 Bonds Projects, (ii) paying capitalized interest on the Bonds, and (iii) paying costs of issuance of the Bonds. The Bonds are issued pursuant to the City’s authorizing Ordinance 2025-06 enacted by the City Council of the City on March 25, 2025 (the “Ordinance”), and effective on April 24, 2025, and a Bond

Declaration dated July 22, 2025 (the “Bond Declaration”). Capitalized terms used but not defined herein have the meaning given such terms in the Bond Declaration and in the Ordinance. The Bonds are issued in full and strict accordance and compliance with all of the provisions of the Statutes of the State of Oregon.

Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2035 and on any date thereafter at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption. The Bonds are term bonds (the “Term Bonds”) subject to mandatory sinking fund redemption, in part, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on June 1 in the years and in the amounts as set forth below:

2025 Series B Term Bonds Maturing on June 1, 2045

Year (June 1)	Sinking Fund Redemption
2026	\$175,000
2027	145,000
2028	155,000
2029	160,000
2030	170,000
2031	180,000
2032	195,000
2033	205,000
2034	215,000
2035	230,000
2036	245,000
2037	255,000
2038	275,000
2039	290,000
2040	305,000
2041	325,000
2042	345,000
2043	365,000
2044	385,000
2045 [†]	410,000

[†] Final maturity.

If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) will be credited against one or more scheduled mandatory redemption installments for that Term Bond in the manner described below regarding the selection of Bonds for redemption.

Make-Whole Call Provisions. At the option of the City, the Series B Bonds also are subject to redemption as a whole or in part on any date prior to June 1, 2035, at a redemption price described below (the “Make-Whole Redemption Price”).

The “Make-Whole Redemption Price” is equal to the greater of (1) 100 percent of the principal amount of the Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points; plus, in each case, accrued interest on the Series B Bonds to be redeemed to the date on which the Series B Bonds are to be redeemed.

“Treasury Rate” means, with respect to any redemption date for a particular Bond, the yield to maturity as of such Valuation Date of United State Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available on the Valuation Date selected by the City (excluding inflation indexed securities) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bond (taking into account any sinking fund installments for such Bonds) to be redeemed.

“Designated Investment Banker” means a Reference Treasury Dealer appointed by the City.

“Reference Treasury Dealer” means primary United States Government securities dealers in the City of New York (a “Primary Treasury Dealer”).

“Valuation Date” means at least three (3) Business Days but not more than thirty (30) calendar days prior to the date of redemption.

In connection with an optional redemption of Bonds prior to their stated maturity dates, as a whole or in part, on any business day, at the Make Whole Redemption Price, the City will appoint a Designated Investment Banker to take any further actions as provided in the Bond Declaration.

The redemption price of such Bonds to be redeemed will be verified by an independent accounting firm, investment banking firm, or financial advisor retained by the City to calculate such redemption price. The City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm, or financial advisor and will not be liable for such reliance.

Selection of Bonds for Redemption. If the Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the, if fewer than all of a maturity of the Bonds are to be redeemed prior to maturity, the particular Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Paying Agent pursuant to DTC operational arrangements. If the Paying Agent does not provide the necessary information and

identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the Bonds will be selected for redemption in accordance with DTC procedures by lot within a maturity.

It is the City's intent with respect to the Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Bonds will be selected for redemption in accordance with DTC procedures by lot.

If the Bonds are not registered in book-entry only form, the Bonds will be assigned certificate numbers. Any redemptions of less than all of a maturity of a series of the Bonds shall be effected by the Paying Agent by designating such Bonds for optional redemption within a maturity in the order of the assigned certificate numbers.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry form, the Paying Agent shall notify DTC of an early redemption not less than 20 calendar days (or such lesser time period that is acceptable to the Paying Agent and consistent with the operational arrangements of DTC) nor more than 60 calendar days prior to the date fixed for redemption, and shall provide such information as required by the Blanket Issuer Letter of Representations submitted to DTC in connection with the issuance of the Bonds. Official written notice of redemption will be given by the City to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The City reserves the right to rescind any redemption notice as allowed in Section 6.6 of the Bond Declaration.

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of the official redemption notice by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. Official written notice of redemption will be given by the City to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. The City reserves the right to rescind any redemption notice as allowed in Section 6.6 of the Bond Declaration.

Conditional Notice of Redemption. Any notice of optional redemption may state that (i) (a) the optional redemption is conditional upon receipt by the Paying Agent on the date fixed for redemption of moneys sufficient to pay the redemption price of the Bonds that are to be redeemed and/or (b) the optional redemption is conditional upon the satisfaction of any other condition, and/or that such notice of redemption may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time prior to the date fixed for redemption if any such condition so specified is not satisfied or if any such other event occurs, and that (ii) such notice shall be of no effect if such moneys are not so deposited or if such notice is so rescinded. The Registrar shall give notice to the affected Owners of the Bonds

as promptly as practicable upon the City's failure to make such funds available or of the rescission of such notice.

Effect of Redemption. Notice of redemption having been duly given as aforesaid, the Bonds or portions thereof so called for redemption (unless, in the case of conditional redemption, such notice is rescinded or any condition to redemption is not satisfied), shall become due and payable, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Paying Agent on the date fixed for redemption designated in such notice, interest on the Bonds so called for redemption shall cease to accrue and said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Bond Declaration (except for payment of particular Bonds for which moneys are being held by the Paying Agent and which money shall be pledged to such payment), and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said principal, premium, if any, and interest accrued to the date fixed for redemption. If the Paying Agent does not have sufficient funds on the date fixed for redemption to pay the redemption price of all of the Bonds to be optionally redeemed for any reason, then the optional redemption shall be cancelled and any notice thereof shall be void, but such event shall not constitute an Event of Default under this Bond Declaration. In addition, if the City shall have delivered to the Registrar no later than one (1) business day prior to the date fixed for redemption for any Bonds, written notice of its decision to rescind its prior request for redemption, then the purported optional redemption shall be canceled and any prior notice thereof shall be void.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Registrar shall authenticate and deliver to the Owner thereof a new Bond or Bonds of Authorized Denominations and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Open Market Purchase. The City reserves the right to purchase Bonds in the open market.

The Bonds are initially issued as a book-entry-only security issue with no certificates provided to the Beneficial Owners. Records of Bond ownership will be maintained by the Registrar and DTC and its participants.

Should the book-entry-only security system be discontinued, the Bonds shall be issued in the form of fully registered Bonds without coupons in Authorized Denominations. Such Bonds may be exchanged for Bonds of the same aggregate principal amount, but different Authorized Denominations, as provided in the Bond Declaration.

Any transfer of this Bond must be registered, as provided in the Bond Declaration, upon the Bond Register kept for that purpose at the principal corporate trust office of the Registrar. Upon registration, a new registered Bond or Bonds, of the same maturity and in the same aggregate principal amount shall be issued to the transferee as provided in the Ordinance and the Bond Declaration. The City and the Registrar may treat the person in whose name this Bond is registered as its absolute owner for all purposes, as provided in the Bond Declaration.

The Bondowner may exchange or transfer this Bond only by surrendering it, together with a written instrument of transfer which is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney, at the principal corporate trust office of the Registrar in the manner and subject to the conditions set forth in the Bond Declaration.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the City or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Statutes of the State of Oregon and the Charter of the City; that the issue of which this Bond is a part, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution, Statutes and Charter.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Declaration until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be signed by the facsimile signature of its Mayor and attested to by the facsimile signature of an Authorized Representative of the City as of the date indicated above.

CITY OF REDMOND, OREGON

By: _____
Ed Fitch
Mayor

ATTEST:

By: _____
Authorized Representative

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

AUTHENTICATION DATE: July __, 2025.

CERTIFICATE OF AUTHENTICATION

This is one of the City of Redmond, Oregon Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable), dated July __, 2025, issued pursuant to the Ordinance and Bond Declaration described herein.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Registrar and Paying Agent

By: _____
Authorized Officer

This Bond shall remain in the Registrar's custody subject to the provisions of the Fast Automated Securities Transfer (FAST) agreement currently in effect between U.S. Bank Trust Company, National Association, as Registrar, and The Depository Trust Company, New York, New York.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfer unto:

Name of Transferee: _____

Address: _____

Tax Identification No. _____

the within Bond and hereby irrevocably constitutes and appoints _____

_____ to transfer said Bond on the books

kept for registration thereof with full power of substitution in the premises.

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Dated:

SIGNATURE GUARANTEED:

Bank, Trust Company or Member
Firm of the New York Stock Exchange

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--	as tenants in common	UNIF TRFS MIN ACT	(Cust)	(Minor)
TEN ENT	--	as tenants by the entireties	under Uniform Transfer to Minors Act		(State)
JT TEN	--	as joint tenants with right of survivorship and not as tenants in common			

Additional abbreviations may also be used although not in the above list.

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APPENDIX B
ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR
ENDED JUNE 30, 2024

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REDMOND OREGON



ANNUAL COMPREHENSIVE FINANCIAL REPORT for the Fiscal Year Ended June 30, 2024



CITY OF REDMOND, OREGON



City of Redmond, Oregon

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

City Council

Ed Fitch, Mayor
Clifford Evelyn
Shannon Wedding
Cat Zwicker
John Nielsen
Kathryn Osborne
Tobias Colvin

Administrative Staff

Keith Witcosky, City Manager
Jason Neff, Deputy City Manager / CFO

Prepared by:

James Wood, Finance Director
Tom Ferrell, Accounting Supervisor



CITY OF REDMOND, OREGON

CITY OF REDMOND, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

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CITY OF REDMOND, OREGON

INTRODUCTORY SECTION



CITY OF REDMOND
Central Services Department

411 SW 9th St.
Redmond, OR 97756

December 23, 2024

Honorable Mayor Ed Fitch, Members of the Council, and Citizens of the City of Redmond:

State law and local ordinances require the City of Redmond to publish a complete set of audited financial statements within six months of the close of each fiscal year.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and the component units of the City of Redmond. All disclosures considered necessary to enable the reader to gain an understanding of the City of Redmond's activities have been included.

The report has been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) as promulgated by the Government Accounting Standards Board (GASB) and follows guidelines recommended by the Government Finance Officers Association. GAAP require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of 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 can be found immediately following the report of the independent auditor.

City of Redmond and the Governmental Structure

The City of Redmond is a community of approximately 36,309 located in Central Oregon. The City was incorporated in 1910 and operates under the Council - City Manager form of government. Policy is established by a seven-member City Council consisting of a mayor and six council members. The Council adopts the City budget, approves appropriations and contracts in the City's name, levies taxes and grants franchises. The six Council members are elected to four-year overlapping terms, and the Mayor is elected to a two-year term.

The Mayor and Council are assisted in their duties by a broad range of citizen advisory groups, including two Commissions and ten Committees. The City Council hire a City Manager who is responsible for implementing policies and goals adopted by the Council, directing the activities of the major departments, and advising Council on matters affecting the City.

City of Redmond and the Governmental Structure (continued)

With approximately 273 approved positions, the City provides multiple services for its residents and businesses which include:

<p><u><i>Airport Services:</i></u> Commercial Air Service Hangar and Tie Down Facilities Industrial Property and Leases</p>	<p><u><i>Police Services:</i></u> Community Policing Crime Prevention Criminal Investigation Patrol Traffic Control</p>
<p><u><i>Engineering Services:</i></u> Development Review Engineering Inspection</p>	<p><u><i>Public Works Services:</i></u> Cemetery Maintenance Park Maintenance and Construction Street Maintenance and Construction Stormwater Management Water Treatment and Distribution Wastewater Treatment and Collection</p>
<p><u><i>Central Services:</i></u> Finance/Accounting/Budgeting Human Resources/Legal/Risk Management Information Technology Municipal Recording Utility Billing</p>	
<p><u><i>Community Development:</i></u> Building Permitting and Inspections Business License Processing Code Enforcement Economic Development Short and Long Range Planning</p>	

In addition to the above activities, the City has the Redmond Urban Renewal Agency (Agency). The Agency is a separate legal entity established in 1989 in accordance with ORS 457. The Agency has created three urban renewal districts to date; the South Airport Industrial Area District, which was closed in 2010, and the Downtown Urban Renewal District, and the South 97 Urban Renewal District established in December 2020. The accompanying financial statements include the activities of the Agency.

Budget

The City of Redmond's budget document is prepared for a 12-month period beginning July 1. The City's budget is prepared in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, presentation, administration, and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requests the budget be balanced. A budget is prepared for each fund requiring appropriations. Budgeted expenditures may not legally be overspent at the appropriation level being either an organizational unit or object classification.

The budget is presented to the community through public hearings held by a budget committee consisting of the seven members of the City Council and an additional seven Redmond citizens. At the conclusion of the budget meetings, the committee approves a balanced budget. After giving consideration to the input received from the citizens, the City Council passes a resolution that adopts the budget and sets appropriations. A separate resolution is also approved that authorizes the levying of property taxes. The budget serves as the foundation for the City's financial planning and control.

Economic Condition and Outlook

As of October 2024 the Bend-Redmond MSA unemployment rate was 3.6% which is below the 10-year average of 4.8%; a significant positive in relation to economic conditions for the region.

Another gauge for economic conditions in the area is airport activity at the Redmond Municipal Airport (RDM) which serves the region. During 2023, RDM set a new record for Total Enplanements of 574,233 a 9% increase in Total Enplanements over the prior year. Through November of 2024 Total Enplanements have increased 8% over the same 11 months in 2023. RDM is currently on a trajectory of growth that is outpacing the national and Oregon state averages for airport travel.

Permits pulled in 2024 (11 months, year-to-date) for community development has surpassed permits pulled in 2023, with a small redistribution occurring from single family homes to multi-family units. The City issued the following major permit types in 2017-2024:

Permit Type	2017	2018	2019	2020	2021	2022	2023	2024*
Single Family Home	297	454	370	550	474	213	314	267
Multi-family Units	6	89	415	197	156	224	105	255
Commercial Tenant Improvement	56	55	52	61	44	43	31	32
Commercial New Building	30	32	23	41	17	24	31	27

* through November 2024 (11 months)

This development has contributed to an aggressive 7% average growth in taxable assessed value over the past five fiscal years. A more moderate growth of (4.9%) is expected for fiscal year 2025/26

Long-term Financial Planning

The City’s current and on-going planning efforts include annual goals set by the City Council, a 20-year capital improvement plan for public works and the airport, a 5-year financial model supporting shorter-term decisions, and strategic plans from individual City departments. Developing and utilizing these plans enhances the City’s ability to address future fiscal needs in a proactive and measured approach.

Major Initiatives

Over the next 12-18 months a number of significant initiatives will be undertaken to ensure the City’s continued economic health and ability to provide services to its residents and businesses.

Initiatives include:

- Continue development of the 40-acre North Point Vista which will become a new affordable eastside neighborhood with more than 450 housing units.
- Begin construction for the Redmond Wetlands Complex/Wastewater Treatment Expansion.
- Begin construction for expanded commercial airline terminal at the Redmond Municipal Airport.
- Complete construction of a new Public Safety Facility which will replace the existing Redmond Police Department.
- Continue construction of Well 9.
- Complete design and begin construction of the Eastside Arterial to ease congestion and improve freight mobility on the south side of Redmond.

Internal Controls

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding; (1) the safeguarding of assets against loss from unauthorized uses; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) maintain compliance with laws and regulations. The concept of reasonable assurance recognizes the costs of internal control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the City's internal controls adequately safeguard assets, provide reasonable assurance of proper recording of financial transactions, and maintains compliance with laws and regulations.

As a recipient of Federal and State financial assistance, the City also is responsible for ensuring adequate internal control is in place to ensure compliance with applicable laws and regulations related to major programs. This internal control is subject to periodic evaluation by City staff.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The firm, Dickey & Tremper, LLP, was selected by the City. In addition to meeting the requirements set forth in statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the financial statements and required supplementary information is included in the Financial Section of this report. The auditor's reports related specifically to the single audit are included in the Accompanying Information section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Redmond, Oregon, for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. This was the 38th consecutive year the City of Redmond has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

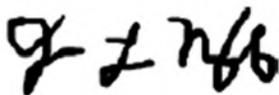
We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to thank the Finance staff and all other staff throughout the City who contributed to the preparation of the report. Without their dedication and effort, this could not have been accomplished.

Our sincere appreciation goes to the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,



Jason Neff
Deputy City Manager / CFO



James Wood
Finance Director



CITY OF REDMOND, OREGON



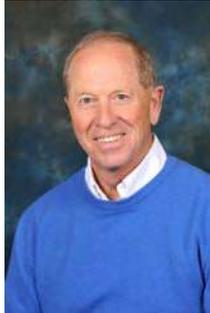
City of Redmond, Oregon

OFFICIALS OF THE CITY

As of June 30, 2024



Clifford Evelyn, Councilor
541-923-7710
clifford.evelyn@redmondoregon.gov



Ed Fitch, Mayor
541-923-7710
ed.fitch@redmondoregon.gov



Shannon Wedding, Councilor
541-923-7710
shannon.wedding@redmondoregon.gov



Cat Zwicker, Councilor
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John Nielsen, Councilor
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Kathryn Osborne, Councilor
541-923-7710
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Tobias Colvin, Councilor
541-923-7710
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City of Redmond, Oregon

City Leadership Staff

Keith Witcosky, City Manager
Jason Neff, Deputy City Manager/Chief Financial Officer
Zachary Bass, Airport Director
Jessica MacClanahan, Public Works Director
Heather Cassaro, Communications Director
Keith Leitz, City Attorney/HR Director
Kyle Roberts, Planning Director
Devin Lewis, Police Chief
James Wood, Finance Director
Kelly Morse, City Recorder

Address

City of Redmond
411 SW 9th St
Redmond, OR 97756

CITY ORGANIZATION AND SERVICES

CITY ORGANIZATION AND SERVICES



GENERAL FUND
CENTRAL SERVICES
 City Manager's Office
 City Recorder
 Human Resources
 Risk Management
 Accounting
 Finance/Budget
 Utility Billing
 Communications/Information Technology

**CITIZENS OF REDMOND
 CITY COUNCIL**



POLICE FUND
 Community Policing
 Crime Prevention
 Criminal Investigation
 Patrol
 Traffic Control

POLICE

AIRPORT FUND
 Commercial Air Service
 Hangar & Tie Down Facilities
 Industrial Property & Leases

AIRPORT

COMMUNITY DEVELOPMENT FUND
 Planning Development Services
 Building Permitting & Inspections
 Code Enforcement
 Economic Development
 Urban Renewal (Downtown UR Funds)

**COMMUNITY
 DEVELOPMENT**

ENGINEERING FUND
 Development Review
 Engineering Inspection
 Geographic Information System

ENGINEERING

TRANSPORTATION FUND
 Street Maintenance
 Street Construction
 Fleet Services
 Public Works Administration

TRANSPORTATION

PARKS & FACILITIES FUND
 Park & Cemetery Maintenance
 Park Construction
 Facilities Maintenance

PARKS & FACILITIES

WATER FUND
 Water Treatment
 Water Distribution

WATER

WASTEWATER FUND
 Wastewater Treatment
 Wastewater Collection

WASTEWATER

STORMWATER FUND
 Stormwater Treatment
 Stormwater Collection

STORMWATER

GOLF FUND
 18 Hole Golf Course
 Practice Facilities
 Golf Shop
 Food & Beverage
 Special Events

GOLF





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Redmond
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



CITY OF REDMOND, OREGON



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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P.O. Box 1533
Pendleton, OR 97801
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Fax: (541) 276-9040
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Redmond, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redmond, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redmond, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Major Special Revenue Funds for the year then ended in conformity with the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

Change in Accounting Principle

As described in Note IV.H to the financial statements, in the fiscal year ending June 30, 2024, the City adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

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Members of: American Institute of Certified Public Accountants
National Association of Certified Valuation Analysts
Oregon Society of Certified Public Accountants

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 misstatements, 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.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the City's Proportionate Share of the Net Pension Liability (Asset) and the City's Contributions to the Oregon Public Employees Retirement System, Schedule of Proportionate Share of Net OPEB Liability (Asset), Schedule of Contributions to OPERS Retirement Health Insurance Account, and the Schedule of Changes in the City's OPEB Liability and Related Ratios, and Notes to Required Supplementary information as is 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Redmond, Oregon's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, schedule of expenditures of federal awards as required by Title two U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of expenditures of passenger facility charges, as specified in the *Passenger Facility Charge Guide for Public Agencies*, issued by the Federal Aviation Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of passenger facility charges is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s opinion 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2024, on our consideration of the City of Redmond, Oregon’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Redmond, Oregon’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 23, 2024, on our consideration of the City of Redmond’s internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.



Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, OR

December 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF REDMOND, OREGON

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

As part of this Annual Comprehensive Financial Report, the City of Redmond, Oregon (the City), presents the narrative overview and analysis of the City's financial activities for the fiscal year ending June 30, 2024. This Management's Discussion and Analysis is based on presently known facts and conditions that exist as of the date of the independent auditor's report. Additional information outside the scope of the analysis can be found in the Letter of Transmittal and the individual financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$516.1 million. Of this total, \$71.6 million is unrestricted and may be used to meet the City's ongoing obligations and pay for daily operations.
- The City's total net position increased by \$46.2 million from the prior year's net position. The net position of governmental activities increased by \$24.1 million, which was primarily due to contributed infrastructure, investment in long-term capital assets, and operational surpluses/savings. Total business-type net position increased by \$22.1 million, which was primarily due to contributed infrastructure and operational surpluses.
- At the close of the fiscal year, the City's governmental funds (General, Transportation, Downtown Urban Renewal Development, Capital Projects and other governmental funds) reported combined ending balances of \$106.2 million, an increase of \$7.0 million. Approximately \$26.4 million, or 25.0%, of this balance is available for spending at the City's discretion, although \$15.3 million has been assigned due to the City's intent to use them for a specific purpose.
- The City's Capital assets, net of depreciation/amortization increased by \$26.2 million from \$442.4 million to \$468.6 million. This is primarily due to the continuation of the City's long-term capital infrastructure projects (Public Safety Facility, Wastewater Treatment Expansion, Eastside Transportation Arterial, and an expansion to the Commercial Airline Terminal).

OVERVIEW OF FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner that is similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (continued)

The *Statement of Activities* presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in a future period. Examples of this include earned but uncollected property taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities).

The governmental activities of the City include the following:

- General Government
- Public Safety
- Highways and Streets
- Culture and Recreation
- Community Development
- Engineering Services

The business-type activities of the City include the following:

- Stormwater Utility
- Water Utility
- Wastewater Utility
- Municipal Airport
- Municipal Golf Course

The government-wide financial statements include the City (known as the primary government) and a legally separate entity called City of Redmond Urban Renewal Agency (URA) for which the City is financially accountable. Although legally separate, the URA's governing body is identical to the City's and because the services of the URA are exclusively for the benefit of the City, it is included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1 and 2.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or functions. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two main categories:

- Governmental Funds
- Proprietary Funds

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Governmental Funds – These funds are used to account for City functions that are supported primarily by taxes and intergovernmental revenues. These are essentially the same functions that are reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of spendable resources, fiscal accountability – whether or not funds were spent according to budgeted amounts and in compliance with laws and regulations – as well as the balances of available spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities. These reconciliations can be found on pages 5 and 7.

The City maintains 10 separate governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenue, Expenditures and Changes in Fund Balances for the major governmental funds. The four major funds are the General Fund, the Transportation Fund, the Downtown Urban Renewal Development Fund, and the Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation under Other Governmental. Individual fund data for the combined general fund and each non-major governmental fund is provided in the form of combining statements beginning on page 75.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget.

The governmental fund financial statements can be found on pages 3 through 9.

Proprietary Funds – The City maintains only one type of propriety fund.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has five enterprise funds that it uses to account for its stormwater, water, and wastewater utilities, a municipal airport, and a municipal golf course.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds, of which only four are considered to be major funds, are reported separately as proprietary fund financial statements in the basic financial statements. The four major enterprise funds are the Water Fund, Wastewater Fund, Stormwater Fund, and Municipal Airport Fund.

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the enterprise funds and can be found on pages 88 through 93.

The proprietary fund financial statements can be found on pages 10 through 14.

CITY OF REDMOND, OREGON

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

Notes to the Basic Financial Statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes begin on page 15.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning budgetary comparisons for non-major governmental funds, in the fund financial statements on pages 79 through 87. Budgetary comparison schedules for proprietary funds are on pages 88 through 93. Other financial schedules are found beginning on page 94. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$516.1 million at the close of fiscal year ended June 30, 2024.

City of Redmond - Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2024	2023	2024	2023	2024	2023	
Current and other assets	\$ 126,336	\$ 117,512	\$ 85,500	\$ 76,900	\$ 211,836	\$ 194,412	\$ 17,424
Capital assets, net depreciation/amortization	173,400	156,943	295,238	285,460	468,638	442,403	26,235
Total assets	<u>299,736</u>	<u>274,454</u>	<u>380,738</u>	<u>362,360</u>	<u>680,474</u>	<u>636,814</u>	<u>43,659</u>
Deferred outflows of resources	<u>9,865</u>	<u>8,612</u>	<u>2,952</u>	<u>2,694</u>	<u>12,817</u>	<u>11,306</u>	<u>1,511</u>
Current liabilities	15,388	12,686	9,195	9,186	24,582	21,872	2,711
Noncurrent liabilities	83,301	79,963	60,787	63,321	144,088	143,283	805
Total liabilities	<u>98,688</u>	<u>92,649</u>	<u>69,982</u>	<u>72,506</u>	<u>168,670</u>	<u>165,155</u>	<u>3,515</u>
Deferred inflows of resources	<u>2,136</u>	<u>5,765</u>	<u>6,350</u>	<u>7,259</u>	<u>8,486</u>	<u>13,024</u>	<u>(4,538)</u>
Net investment in capital assets	161,716	150,669	241,316	228,098	403,032	378,767	24,265
Restricted	29,656	26,017	11,861	11,342	41,517	37,359	4,157
Unrestricted	17,405	7,966	54,180	45,848	71,585	53,814	17,771
Net position, June 30	<u>\$ 208,777</u>	<u>\$ 184,652</u>	<u>\$ 307,357</u>	<u>\$ 285,289</u>	<u>\$ 516,134</u>	<u>\$ 469,941</u>	<u>\$ 46,193</u>

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The largest portion of the City's net position (78.1%) is reflected in its investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and consequently they are not available for current spending. Although the City's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8.0%) represents resources that are subject to external restrictions on how they may be used. The restricted assets include funds reserved for debt service, capital projects associated with system development charges, community development, highways and streets, and other uses. The remaining balance (13.9%) is unrestricted. These funds may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total current assets increased by \$17.4 million from \$194.4 million to \$211.8 million. This is primarily due to the City receiving an asset held for resale of \$7.1 million and operational surpluses contributing toward additional cash/investments reserves (operational surpluses to be used for future debt issuing capacity for the long-term capital projects in development).

The City's capital assets net of related depreciation/amortization increased by \$26.2 million from \$442.4 million to \$468.6 million. This is primarily due to the accelerated development of significant long-term capital assets and construction of various street, waterline, water reservoir and stormwater system improvements. Amounts invested in capital assets during the fiscal year exceeded the current year depreciation incurred. In addition, \$12.4 million in street, parks, storm, waterline and sewerline infrastructure was contributed to the City by private developers. Both SBITA and Lease assets are included within capital assets, net of related amortization.

The City's current liabilities increased by \$2.7 million from \$21.9 million to \$24.6 million. This is primarily due to the significant accrual of capital asset expenses incurred, but unpaid, as of year-end.

CITY OF REDMOND, OREGON

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

City of Redmond - Statement of Activities (in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2024	2023	2024	2023	2024	2023	
Revenues:							
Program revenues:							
Charges for services	\$ 11,842	\$ 10,127	\$ 37,691	\$ 33,827	\$ 49,533	\$ 43,953	\$ 5,580
Grants and contributions:							
Operating	3,888	4,735	77	2,100	3,965	6,836	(2,871)
Capital	21,132	12,231	18,238	19,249	39,369	31,480	7,889
General revenues:							
Taxes	19,587	18,450	-	-	19,587	18,450	1,137
Franchise fees and public service taxes	8,574	7,436	-	-	8,574	7,436	1,139
Other	4,935	2,727	3,613	1,920	8,548	4,647	3,901
Total revenues	<u>69,959</u>	<u>55,705</u>	<u>59,618</u>	<u>57,097</u>	<u>129,577</u>	<u>112,802</u>	<u>16,774</u>
Expenses:							
General government	1,480	1,352	-	-	1,480	1,352	128
Public safety	14,925	12,305	-	-	14,925	12,305	2,620
Highways and streets	12,395	10,393	-	-	12,395	10,393	2,002
Culture and recreation	5,790	4,866	-	-	5,790	4,866	924
Community development	6,184	6,429	-	-	6,184	6,429	(245)
Engineering services	1,890	1,825	-	-	1,890	1,825	65
Interest on long-term debt	2,383	2,099	-	-	2,383	2,099	283
Stormwater	-	-	1,775	1,525	1,775	1,525	249
Water	-	-	8,190	7,486	8,190	7,486	704
Wastewater	-	-	8,037	7,018	8,037	7,018	1,019
Municipal airport	-	-	17,305	16,153	17,305	16,153	1,152
Municipal golf	-	-	3,029	2,654	3,029	2,654	374
Total expenses	<u>45,047</u>	<u>39,270</u>	<u>38,336</u>	<u>34,837</u>	<u>83,383</u>	<u>74,106</u>	<u>9,277</u>
Change in net position before transfers and special items	24,912	16,436	21,282	22,260	46,193	38,696	7,497
Transfers	(787)	(330)	787	330	-	-	-
Increase in net position	<u>24,125</u>	<u>16,106</u>	<u>22,069</u>	<u>22,590</u>	<u>46,193</u>	<u>38,696</u>	<u>7,497</u>
Net position, July 1	184,652	168,546	285,289	262,699	469,941	431,245	38,696
Net position, June 30	<u>\$ 208,777</u>	<u>\$ 184,652</u>	<u>\$ 307,357</u>	<u>\$ 285,289</u>	<u>\$ 516,134</u>	<u>\$ 469,941</u>	<u>\$ 46,193</u>

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities increased the City's net position by \$24.1 million, accounting for 52% of the total growth in net position. The increase was primarily due to the City receiving an asset held for resale of \$7.1 million, contributed street infrastructure of \$5.3 million, a significant operational surplus in the Community Development Fund, implementation of a new Rental Car Tax, and additional grant funding received for the Public Safety Facility project.

Business-type Activities increased the City's net position by \$22.1 million which is 48% of the total increase in net position. The increase in net position is primarily due to intergovernmental grant revenues of the Airport Fund for infrastructure improvements, operational surpluses to support future debt issuances in the Airport fund and Wastewater fund, and capital assets contributed for water, wastewater and stormwater infrastructure.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing resources available for spending at the end of the fiscal year.

As of June 30, 2024, the City's governmental funds reported a combined ending fund balance of \$106.2 million. Approximately \$27.0 million, or 25.4%, of this balance is available for spending at the City's discretion, although \$15.3 million has been assigned due to the City's intent to use them for a specific purpose, and \$0.6 million has been committed due to the City's commitment to use them for a specific purpose. The remaining fund balance is either nonspendable or is legally restricted (\$79.2 million) to use for a specific purpose. Restricted fund balances are related to debt service reserves (\$0.5 million), unspent debt proceeds (\$33.4 million), accumulated Transportation System Development Charges (SDC), (\$13.9 million), accumulated Parks SDC, (\$6.8 million), legally restricted building and planning fees (\$6.4 million), accumulated urban renewal funds (\$9.7 million), and other items. The City has determined that the following funds as major governmental funds:

General Fund

The General Fund is the chief operating fund of the City. At the end of fiscal year ended June 30, 2024, the total unassigned fund balance in the General Fund was \$11.1 million, which is an increase of \$4.0 million relative to the prior year. Of the \$4.0 million increase, \$3.0 million came from additional grant funding received for the Public Safety Facility project, via a transfer from the Capital Projects fund. The General Fund had previously provided a \$3.0 million contribution to the project in previous years.

Transportation Fund

The Transportation Fund provides for the maintenance and construction of City streets. Revenues include a portion of the property tax levy, rental car tax, state gasoline taxes, and charges for services from other funds based on a cost allocation. Of the total \$24.1 million fund balance, \$14.0 million is accumulated SDC funds that are restricted to street system construction needed due to population growth. Fund balance increased \$1.6 million due mainly to the implementation of a new rental car tax and developer payments made in-lieu of public infrastructure improvements.

CITY OF REDMOND, OREGON

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024

GOVERNMENT FUNDS FINANCIAL ANALYSIS (continued)

Downtown Urban Renewal Development Fund

The Downtown Urban Renewal Development Fund accounts for revenues received from investment income, miscellaneous income, interfund transfers, and activities relating to community development projects within the Downtown Urban Renewal District. Fund balance remained stable in the current year with only a modest increase of \$0.5 million, from \$8.3 million to \$8.8 million.

Capital Projects Fund

The Capital Projects Fund accounts for revenues received from grants, interfund transfers, investment income, capital-related debt issuances, and activities relating to the build-out of significant capital projects outside of the enterprise funds. Fund balance decreased \$1.7 million from \$43.2 million to \$41.5 million in the current year due to the exhaustion of restricted fund balances used to build the Public Safety Facility.

Proprietary Funds. The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

The *Stormwater Fund* accounts for revenues and expenses related to the City’s stormwater utility operations.

The *Water Fund* accounts for revenues and expenses related to the City’s water utility operations.

The *Wastewater Fund* accounts for revenues and expenses related to the City’s wastewater utility operations.

The *Municipal Airport Fund* accounts for revenues and expenses related to the City’s municipal airport operations and capital improvements.

The *Municipal Golf Fund* accounts for revenue and expenses related to the City’s municipal golf course, Juniper Golf Course, operations and capital improvements.

The unrestricted net position of each proprietary fund and its percent of total unrestricted net position of all proprietary funds are as follows:

• Stormwater Fund	\$1.0 million	1.8%
• Water Fund	\$8.0 million	14.9%
• Wastewater Fund	\$9.1 million	16.9%
• Municipal Airport Fund	\$35.8 million	66.0%
• Municipal Golf Fund	\$0.2 million	0.4%

The net position of total proprietary funds increased \$22.0 million from the prior year. This is primarily due to \$5.5 million in intergovernmental grant revenues of the Airport Fund for infrastructure improvements, \$7.1 million in developer contributed infrastructure within the Water, Wastewater, and Stormwater funds, and operational surpluses to support the future capital-asset related debt issuances.

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year revenue collections exceeded estimated collections in all categories except for intergovernmental revenue. It was initially anticipated that the City would recognize \$3.6 million of American Rescue Plan Act (ARPA) funds for the ongoing construction project for the new public safety facility, but it was subsequently determined to prioritize the spending of the debt issuance on the facility, which is budgeted in the capital projects fund. Excluding this ARPA exception, the City revenue collected exceeded estimated collections by \$0.8 million during fiscal year 2023/24. The General Fund was also reimbursed for a \$3.0 million contribution it made toward the Public Safety Facility in the past few years.

During the fiscal year actual expenditures and other financing uses were \$1.3 million less than the final amended budget, excluding the contingency and transfer appropriations. This was attributed primarily to personnel savings of staff budgeted within the General Fund.

CITY OF REDMOND, OREGON

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s investment in capital assets as of June 30, 2024, amounts to \$173.4 million for governmental activities and \$295.2 million for business-type activities (net of accumulated depreciation). This investment in capital assets includes land, buildings, non-building improvements (i.e., parks and trails), equipment, and infrastructure (i.e., streets, water and sewer systems, and airport taxiways and runways). See table below.

City of Redmond - Capital Assets, Net of Accumulated Depreciation (in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2024	2023	2024	2023	2024	2023	
Land	\$ 22,801	\$ 21,435	\$ 6,935	\$ 6,935	\$ 29,737	\$ 28,370	\$ 1,366
Works of art	552	552	89	89	641	641	0
Water rights	-	-	198	198	198	198	-
Construction in progress	13,237	1,745	15,596	7,514	28,833	9,259	19,574
Buildings and building improvements	13,291	12,635	60,850	62,911	74,141	75,547	(1,406)
Land improvements	20,561	19,260	29,952	30,313	50,513	49,573	940
Infrastructure	97,450	96,410	173,172	169,852	270,622	266,262	4,360
Machinery & equipment	1,527	1,462	4,663	4,569	6,190	6,031	159
Vehicles	3,497	2,723	3,613	3,001	7,110	5,724	1,385
Lease assets	97	134	28	42	125	176	(50)
SBITA assets	390	587	143	35	533	622	(90)
Total	\$ 173,403	\$ 156,943	\$ 295,238	\$ 285,460	\$ 468,641	\$ 442,403	\$ 26,238

In total, the City’s capital assets increased by \$26.2 million or 5.9% from the prior year. Governmental activities increased by \$16.5 million while business-type activities increased by \$9.7 million. Major capital asset events during the fiscal year included the following:

Governmental Activities:

- Resurfacing of Sam Johnson & Valleyview Tennis courts.
- Completion of the Senior Center Kitchen remodel.
- Completion of the Public Works building Cold Storage Roof.
- Began construction on the SW Wickiup Avenue Improvements.
- Completion of the Yew Roundabout Expansion and Traffic Signal at NW Maple x NW 9th Street.
- Continued design/development of the Public Safety Facility.
- Contribution of streets constructed by private developers.

CITY OF REDMOND, OREGON

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Business-type Activities:

- Continued construction of Well #9.
- Continued design of the Redmond Wetlands Complex for expansion of the wastewater treatment plant .
- Water, Wastewater, and Stormwater Improvements alongside the Wickiup Avenue Improvements.
- Continued design of the Airport Terminal Building Expansion Phase 1.
- Completed construction of the Runway Protection Zone fencing project.
- Contribution of stormwater, waterline and sewerline infrastructure constructed by private developers

Additional information on the City’s capital assets can be found in the notes to the basic financial statement, Note III.G Capital Assets on page 29.

Long-term Debt

At the end of the current fiscal year, the City had total long-term debt of \$108.3 million. Of this amount, \$33.2 million is backed by a general obligation property tax levy, \$54.8 million is backed by the full faith and credit of the City, and \$5.9 million is backed by an urban renewal tax increment levy. Contracts, loans, and notes payable account for \$13.9 million. See table below for additional information.

City of Redmond - Outstanding Debt, General Obligation and Revenue Bonds (in thousands)

	Governmental Activities		Business-type Activities		Total		Change
	2024	2023	2024	2023	2024	2023	
General obligation	\$ 33,160	\$ 34,265	\$ -	\$ -	\$ 33,160	\$ 34,265	\$ (1,105)
Full faith & credit obligations	15,225	15,959	39,614	42,834	54,839	58,793	(3,954)
Limited tax issuances	5,885	6,079	-	-	5,885	6,079	(194)
Contract, loans and notes	17	19	13,921	14,435	13,938	14,454	(516)
Lease liabilities	85	121	29	43	114	163	(50)
SBITA liabilities	278	501	90	16	367	517	(149)
Total	\$ 54,649	\$ 56,944	\$ 53,654	\$ 57,328	\$ 108,303	\$ 114,271	\$ (5,968)

The City’s total debt decreased by \$5.9 million during the fiscal year ended June 30, 2024 due to the scheduled repayment of the long-term debt issuances.

Oregon Revised Statutes 287A.050 provides a limit on general obligation bonded indebtedness in excess of 3% of the real market value of all taxable property within the City. The City’s debt limitation is \$245.3 million.

Additional information on the City’s debt can be found in the notes to the basic financial statements, Note III.I Long Term Obligations on page 33.

CITY OF REDMOND, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors and Next Year's Budget and Rates

During the preparation of the of the fiscal year (FY) 2024/25 budget, the City utilized several assumptions based on key economic indicators and market trends. The assumptions are as follows:

- It is assumed that **property tax revenues** to the City will increase by 6.3%, or about \$0.8 million from FY 2024 projected collections. Property tax assumptions are broken into four components:
 - The value of currently assessed properties is anticipated to increase by 6.0% for the entire City of Redmond including the City's Downtown Urban Renewal area.
 - The Downtown Urban Renewal District (DURD) is required to share tax increment when certain thresholds are met in advance of the urban renewal area's expiration. This creates returns for overlapping taxing districts including the City of Redmond's General Fund.
 - The collection rate for property taxes is assumed at 96.0%, which is consistent with the average collection rate over the past five years.
- The City's current **population** is 38,208. The average annual population growth over the past three years has been about 4.8%. It is conservatively assumed that during the upcoming fiscal year the City's population will increase by 2.7%. This assumption affects the estimates for franchise fees, and state shared revenues, such as gasoline tax, which are distributed on a per capita basis. It is also used in determining the requirement for City services and any associated fees (i.e. estimating water delivery requirements and fees).
- The budget assumes development activity produces 200 single family homes, 200 multi-family units and associated commercial development. This assumption impacts the revenues budgeted within the Community Development Department (CDD) Fund, Engineering Fund and System Development Charges (SDCs). Keeping pace with the cost of doing business, Planning and Engineering fees include a 3.3% increase in fees in July 2024. Offsetting increases to the cost of construction is a 1.2% increase to SDCs in July 2024.
- The budget provides funding for the City's **employee healthcare benefit package**, which includes medical premiums estimated at 10.0% greater than FY 2024. The FY 2025 budget for the healthcare benefit package (Premiums, Health Reimbursement Account and VEBA) is \$7.7 million City-wide with \$3.1 million of that total for the City's General Operating Funds.
- PERS rates are effective for two fiscal years. The FY 2024 – FY 2025 employer contribution rate to the **Public Employee Retirement System (PERS)** is on average 23.50% of an employee salary. On a weighted average these rates are about 8.5% higher than the FY 2022 – FY 2023. Advisory rates for FY 2026 – FY 2027 are currently estimated at an average of 26.60% of an employee salary, a 13.0% estimated increase over FY 2024 – FY 2025 rates.

CITY OF REDMOND, OREGON

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES (continued)

Changes to PERS rates are incorporated and factored into the City’s annual five-year financial forecast to help ensure services can be maintained over the long-term planning horizon. Staff sees the need for additional staffing and services as the City continues to grow but is balancing that need with long-term financial sustainability.

**City of Redmond Employer Contribution Rates
(Percent of Salary)**

	Tier 1/Tier 2	OPSRP General Service	OPSRP Police
FY 2021	23.49%	15.42%	20.05%
FY 2022	24.07%	18.29%	22.65%
FY 2023	24.07%	18.29%	22.65%
FY 2024	25.56%	20.08%	24.87%
FY 2025	25.56%	20.08%	24.87%

- Total personnel wages are expected to increase by 11.9%, or about \$2.5 million, from the FY 2024 budget. The increase is primarily a result of the following:
 - 12.0 new positions to be filled in FY 2025 to include the following:
 - Central Services – 1 Payroll Specialist
 - Police – 2 Patrol Officers and 1 Records Specialist
 - Transportation – 1 Utility Worker
 - Parks & Facilities – 1 Facilities Maintenance Supervisor and 1 Facilities Custodian
 - Public Works Administration – 1 Asset Manager
 - Information Technology – 1 Network Administrator
 - Airport – 1 Administrative Supervisor, 1 Facilities Maintenance Worker, and 1 Airfield Maintenance Worker
 - 4.0% increase for Redmond Police Officers Association (RPOA) employees
 - 4.0% increase for American Federation of State, County and Municipal Employees (AFSCME) bargaining unit (i.e., most Public Works and Airport staff)
 - 4.0% increase in for Non-Represented employees
 - An additional step (3.5%) is added to the top end of the RPOA pay scale
 - Regular step increases and other certification achievements or reclassifications within specific departments

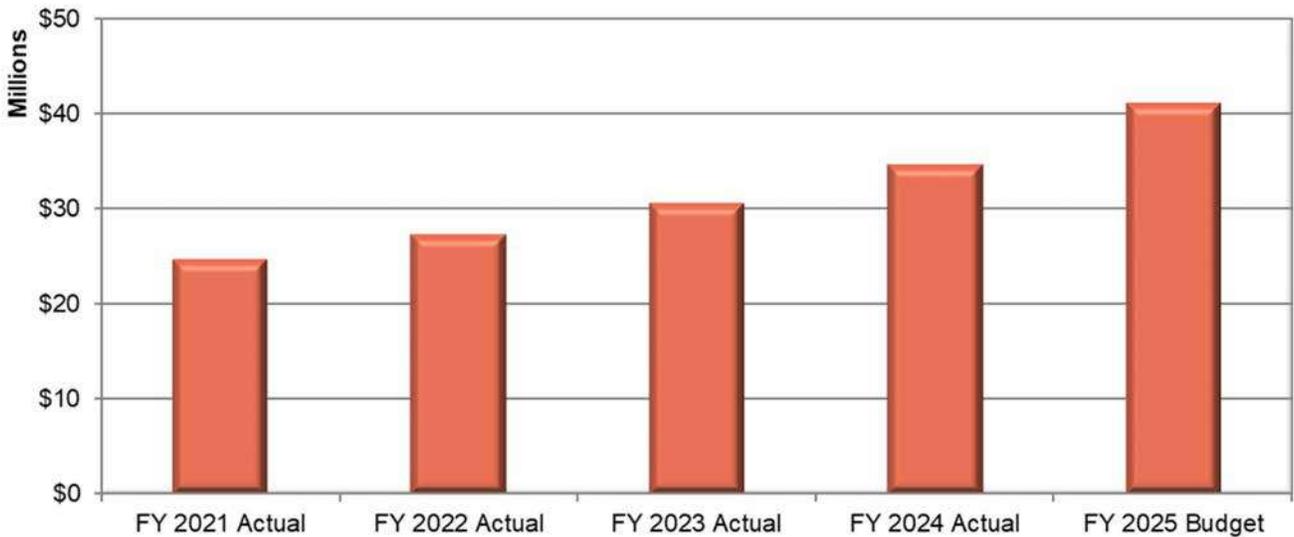
CITY OF REDMOND, OREGON

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES (continued)

- As a result of the three components discussed above (healthcare benefit package, PERS rates and personnel wages), total personnel services are assumed to increase by 19% from FY 2024 actuals. The following bar chart shows the overall cost for employees since FY 2021.

City of Redmond Personnel Services



- In addition, the tree map shows personnel services by cost category. In FY 2025, employee benefits are anticipated to be approximately 41% of personnel costs.

Personnel Costs by Category



CITY OF REDMOND, OREGON

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES (continued)

- The budget uses a **cost allocation plan** similar to what has been utilized in prior budgets. The plan allocates the administrative costs associated with serving each fund. This allows the City to fully recover the cost of City services from those utilizing the service.
- Each operating fund has a **contingency** amount budgeted. The goal is for each department to have a contingency equal to sixty days of operations. These funds are reserved for any unforeseen, yet necessary, expenditures during the year. Prior to expending from a contingency, the City Council must first give consent.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

James Wood
Finance Director
City of Redmond
411 SW 9th Street
Redmond, Oregon 97756

541-923-7735
james.wood@redmondoregon.gov



CITY OF REDMOND, OREGON

BASIC FINANCIAL STATEMENTS

CITY OF REDMOND, OREGON
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,388,095	\$ 4,506,898	\$ 6,894,993
Investments	26,080,029	49,250,648	75,330,677
Receivables:			
Accounts, net	1,023,539	3,299,316	4,322,855
Intergovernmental	3,684,589	3,632,740	7,317,329
Property taxes	396,533	-	396,533
Assessments	40,202	-	40,202
Notes	8,316,222	63,860	8,380,082
Leases	80,558	5,852,408	5,932,966
Prepaid items	337,981	675,756	1,013,737
Inventories	-	346,380	346,380
Restricted assets:			
Temporarily restricted:			
Restricted cash and cash equivalents	16,226,171	1,493,671	17,719,842
Restricted investments	60,256,805	16,323,853	76,580,658
Assets available for sale	7,310,604	-	7,310,604
Total OPEB asset	191,554	54,107	245,661
Capital assets:			
Land and water rights	22,801,231	7,133,578	29,934,809
Art and sculptures	551,871	88,643	640,514
Construction in progress	13,237,133	15,595,617	28,832,750
Depreciable assets, net of depreciation	136,325,530	272,249,516	408,575,046
Lease assets, net of amortization	97,174	28,293	125,467
SBITA assets, net of amortization	389,794	142,707	532,501
Total assets	<u>299,735,615</u>	<u>380,737,991</u>	<u>680,473,606</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	9,573,510	2,704,180	12,277,690
OPEB related	291,632	98,857	390,489
Deferred amount on debt refunding	-	148,583	148,583
Total deferred outflows of resources	<u>9,865,142</u>	<u>2,951,620</u>	<u>12,816,762</u>
LIABILITIES			
Accounts payable and accrued expenses	5,813,929	2,954,098	8,768,027
Accrued interest payable	291,645	293,079	584,724
Deposits	323,503	483,750	807,253
Retainage payable	359,604	21,846	381,450
Unearned revenue	4,539,010	930,871	5,469,881
Long-term obligations:			
Due within one year:			
OPEB liability, net	85,966	29,564	115,530
Long-term liabilities, net	3,974,092	4,481,300	8,455,392
Due in more than one year:			
Total pension liability	23,783,811	6,718,088	30,501,899
OPEB liability, net	1,040,372	357,796	1,398,168
Long-term liabilities, net	58,476,397	53,711,490	112,187,887
Total liabilities	<u>98,688,329</u>	<u>69,981,882</u>	<u>168,670,211</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,900,389	536,792	2,437,181
OPEB related	121,156	41,247	162,403
Deferred amount on refunding	36,118	137,799	173,917
Lease receivables related	78,126	5,634,454	5,712,580
Total deferred inflows of resources	<u>2,135,789</u>	<u>6,350,292</u>	<u>8,486,081</u>
NET POSITION			
Net investment in capital assets	161,715,512	241,316,430	403,031,942
Restricted for:			
System development	20,750,463	11,398,028	32,148,491
Community development	6,518,178	-	6,518,178
Urban Renewal	2,001,735	-	2,001,735
Debt service	-	408,575	408,575
Other	385,641	54,107	439,748
Unrestricted	<u>17,405,110</u>	<u>54,180,297</u>	<u>71,585,407</u>
Total net position	<u>\$ 208,776,639</u>	<u>\$ 307,357,437</u>	<u>\$ 516,134,076</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,480,435	\$ 791,384	\$ 54,940	\$10,594,153	\$ 9,960,042	\$ -	\$ 9,960,042
Public safety	14,925,243	479,940	355,992	-	(14,089,311)	-	(14,089,311)
Highways and streets	12,394,605	3,099,302	3,327,562	6,858,883	891,142	-	891,142
Culture and recreation	5,790,334	1,665,683	-	3,667,093	(457,558)	-	(457,558)
Community development	6,184,270	4,067,563	149,749	11,501	(1,955,457)	-	(1,955,457)
Engineering services	1,889,752	1,738,485	-	-	(151,267)	-	(151,267)
Interest on long-term obligations	2,382,631	-	-	-	(2,382,631)	-	(2,382,631)
Total governmental activities	45,047,270	11,842,357	3,888,243	21,131,630	(8,185,040)	-	(8,185,040)
Business-type activities:							
Stormwater	1,774,616	1,729,686	-	3,623,633	-	3,578,703	3,578,703
Water	8,190,186	8,247,561	-	4,107,684	-	4,165,059	4,165,059
Wastewater	8,037,069	7,421,520	-	5,130,999	-	4,515,450	4,515,450
Airport	17,305,464	17,720,285	76,780	5,375,268	-	5,866,869	5,866,869
Golf course	3,028,564	2,571,657	-	-	-	(456,907)	(456,907)
Total business-type activities	38,335,899	37,690,709	76,780	18,237,584	-	17,669,174	17,669,174
Total primary government	\$ 83,383,169	\$49,533,066	\$ 3,965,023	\$39,369,214	(8,185,040)	17,669,174	9,484,134
General revenues:							
Property taxes levied for:							
General purposes					13,433,397	-	13,433,397
Debt service					6,153,852	-	6,153,852
Franchise and public services taxes					8,574,305	-	8,574,305
Interest and investment earnings					4,894,151	3,612,518	8,506,669
Gain on disposal of assets					41,026	-	41,026
Transfers					(786,827)	786,827	-
Total general revenues and transfers					32,309,904	4,399,345	36,709,249
Change in net position					24,124,864	22,068,519	46,193,383
Net position, beginning					184,651,775	285,288,918	469,940,693
Net position, ending					\$ 208,776,639	\$ 307,357,437	\$ 516,134,076

The notes to the basic financial statements are an integral part of this statement.



CITY OF REDMOND, OREGON

FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, transient lodging tax, and state shared revenues. Expenditures are primarily for general government operations and culture and recreation. The activities of the Police and Engineering have also been combined with the General Fund for external financial reporting.

Transportation Fund

The Transportation fund accounts for revenues received from state gasoline taxes apportioned from the State of Oregon, rental car tax, and charges for services from other funds based on full cost allocation and expenditures involved in the construction, maintenance, purchase and repair of streets and vehicles.

Downtown Urban Renewal Development Fund

The Downtown Urban Renewal Development fund accounts for revenues received from investment income, rental income, miscellaneous income, and activities relating to community development projects within the Downtown Urban Renewal District.

Capital Projects Fund

The Capital Projects fund accounts for revenues received from grants, interfund transfers, investment income, capital-related debt issuances, and activities relating to the build-out of significant capital projects outside of the enterprise funds.

CITY OF REDMOND, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General	Transportation	Downtown Urban Renewal Development	Capital Projects	Other Governmental	Totals
ASSETS						
Cash and cash equivalents	\$ 1,549,230	\$ 2,212,688	\$ 8,641,429	\$ 3,087,344	\$ 3,123,575	\$ 18,614,266
Investments	16,920,119	23,236,140	-	31,442,539	14,738,036	86,336,834
Receivables:						
Property taxes	279,493	-	-	-	117,040	396,533
Intergovernmental	319,717	361,005	-	3,000,000	3,867	3,684,589
Accounts, net	782,894	225,246	-	-	15,399	1,023,539
Assessments	40,202	-	-	-	-	40,202
Notes	-	271,307	7,723,145	-	321,770	8,316,222
Leases	80,558	-	-	-	-	80,558
Assets held for sale	-	-	233,878	7,076,726	-	7,310,604
Prepaid items	332,228	12,442	-	-	38,707	383,377
Total assets	<u>\$ 20,304,441</u>	<u>\$ 26,318,828</u>	<u>\$ 16,598,452</u>	<u>\$ 44,606,609</u>	<u>\$ 18,358,394</u>	<u>\$ 126,186,724</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,180,087	\$ 1,146,778	\$ 19,950	\$ 2,812,726	\$ 654,388	\$ 5,813,929
Deposits	297,662	23,591	-	-	2,250	323,503
Retainage payable	-	134,710	-	224,894	-	359,604
Unearned revenue	3,590,887	611,437	336,686	-	-	4,539,010
Total liabilities	<u>5,068,636</u>	<u>1,916,516</u>	<u>356,636</u>	<u>3,037,620</u>	<u>656,638</u>	<u>11,036,046</u>
DEFERRED INFLOWS OF RESOURCES						
Lease receivables related	78,126	-	-	-	-	78,126
Unavailable revenue	737,101	350,154	7,386,459	-	420,146	8,893,860
Total deferred inflows of resources	<u>815,227</u>	<u>350,154</u>	<u>7,386,459</u>	<u>-</u>	<u>420,146</u>	<u>8,971,986</u>
FUND BALANCES						
Nonspendable	332,228	-	-	-	-	332,228
Restricted	194,087	13,990,167	8,855,357	40,474,135	15,329,886	78,843,632
Committed	-	581,093	-	-	-	581,093
Assigned	2,749,661	9,480,898	-	1,094,854	1,951,724	15,277,137
Unassigned	11,144,602	-	-	-	-	11,144,602
Total fund balances	<u>14,420,578</u>	<u>24,052,158</u>	<u>8,855,357</u>	<u>41,568,989</u>	<u>17,281,610</u>	<u>106,178,692</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,304,441</u>	<u>\$ 26,318,828</u>	<u>\$ 16,598,452</u>	<u>\$ 44,606,609</u>	<u>\$ 18,358,394</u>	<u>\$ 126,186,724</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

Fund balances - total governmental funds	\$ 106,178,692
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.	172,915,765
SBITA assets and the related SBITA liabilities are not financial resources or payable in the current period and are not reported in the funds	66,520
Lease assets and the related leases payable are not financial resources or payable in the current period and are not reported in the funds	12,645
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	8,893,860
Net pension liability and the related deferred outflows and inflows are not due and payable in the current period, and, therefore, are not reported in the fund statements.	(16,110,690)
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(1,778,079)
Accrued other postemployment benefits and the related deferred outflows and inflows are not due and payable in the current period, and, therefore, are not reported in the funds.	(764,308)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(291,645)
Long-term liabilities, including bonds, notes payable and the related bond premium, are not due and payable in the current period, and, therefore, are not reported in the fund statements.	<u>(60,346,121)</u>
Net position of governmental activities	<u>\$ 208,776,639</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	General	Transportation	Downtown Urban Renewal Development	Capital Projects	Other Governmental	Totals
REVENUES						
Property taxes	\$ 13,405,217	\$ -	\$ -	\$ -	\$ 6,135,497	\$ 19,540,714
Transient lodging taxes	1,652,985	-	-	-	-	1,652,985
Rental car tax	-	581,093	-	-	-	581,093
Franchise fees	4,953,711	-	-	-	-	4,953,711
Assessments	154,195	-	-	-	-	154,195
Licenses and permits	34,336	-	-	-	2,274,969	2,309,305
Charges for services	2,540,299	2,487,731	-	-	3,682,872	8,710,902
Intergovernmental	1,473,316	4,573,913	-	3,575,652	150,433	9,773,314
Fines and forfeitures	131,885	-	-	-	-	131,885
System development charges	-	2,668,867	-	-	1,333,326	4,002,193
Rental income	134,402	-	-	-	1	134,403
Interest on investments	975,215	1,155,939	454,627	1,345,620	853,245	4,784,646
Miscellaneous	201,510	682,597	187,535	7,131,666	27,403	8,230,711
TOTAL REVENUES	<u>25,657,071</u>	<u>12,150,140</u>	<u>642,162</u>	<u>12,052,938</u>	<u>14,457,746</u>	<u>64,960,057</u>
EXPENDITURES						
Current:						
General government	235,441	-	-	76,265	244	311,950
Public safety	13,985,873	-	-	-	-	13,985,873
Highways and streets	-	9,233,931	-	-	-	9,233,931
Culture and recreation	-	-	-	-	4,794,023	4,794,023
Community development	-	-	1,012,140	-	4,826,903	5,839,043
Engineering services	1,818,275	-	-	-	-	1,818,275
Capital outlay	742,229	4,060,207	33,311	10,689,368	946,984	16,472,099
Debt service	711,113	103,863	-	-	4,346,229	5,161,205
TOTAL EXPENDITURES	<u>17,492,931</u>	<u>13,398,001</u>	<u>1,045,451</u>	<u>10,765,633</u>	<u>14,914,383</u>	<u>57,616,399</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>8,164,140</u>	<u>(1,247,861)</u>	<u>(403,289)</u>	<u>1,287,305</u>	<u>(456,637)</u>	<u>7,343,658</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	18,060	18,222	-	-	8,482	44,764
Lease financing	-	90,641	-	-	-	90,641
Transfers in	16,786,296	2,812,689	916,525	-	4,881,979	25,397,489
Transfers out	(21,045,023)	-	-	(3,000,000)	(1,803,985)	(25,849,008)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,240,667)</u>	<u>2,921,552</u>	<u>916,525</u>	<u>(3,000,000)</u>	<u>3,086,476</u>	<u>(316,114)</u>
NET CHANGE IN FUND BALANCE	3,923,473	1,673,691	513,236	(1,712,695)	2,629,839	7,027,544
FUND BALANCE, Beginning, as restated	<u>10,497,105</u>	<u>22,378,467</u>	<u>8,342,121</u>	<u>43,281,684</u>	<u>14,651,771</u>	<u>99,151,148</u>
FUND BALANCE, Ending	<u>\$ 14,420,578</u>	<u>\$ 24,052,158</u>	<u>\$ 8,855,357</u>	<u>\$ 41,568,989</u>	<u>\$ 17,281,610</u>	<u>\$ 106,178,692</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Net change in fund balance - governmental funds \$ 7,027,544

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue, net of allowance (527,847)

Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.

2,035,181

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

Change in compensated absences (164,563)

Change in accrued interest payable 60,589

Amortization of bond premiums 333,065

Change in OPEB and related deferred outflows and inflows (23,861)

Change in pension liability and related deferred outflows and inflow (1,346,334)

Change in lease assets and liabilities (563)

Change in SBITA assets and liabilities 37,345

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense.

Capital asset additions - contributed \$ 5,288,848

Capital asset additions - purchased 16,387,001

Transfer of capital assets, net (335,308)

Basis of assets disposed (3,738)

Depreciation expense (4,642,495)

16,694,308

Change in net position - governmental activities **\$ 24,124,864**

CITY OF REDMOND, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 13,285,375	\$ 13,285,375	\$ 13,405,217	\$ 119,842
Transient lodging taxes	1,763,993	1,763,993	1,652,985	(111,008)
Franchise fees	4,722,586	4,722,586	4,953,711	231,125
Licenses and permits	28,841	28,841	34,336	5,495
Charges for services	10,834,350	10,834,350	10,736,899	(97,451)
Intergovernmental	5,145,837	5,145,837	1,473,316	(3,672,521)
Fines and forfeitures	151,200	151,200	131,885	(19,315)
Rental income	140,445	140,445	133,677	(6,768)
Assessments	-	-	154,195	154,195
Interest on investments	505,000	505,000	936,325	431,325
Miscellaneous	84,113	84,113	201,510	117,397
TOTAL REVENUES	<u>36,661,740</u>	<u>36,661,740</u>	<u>33,814,056</u>	<u>(2,847,684)</u>
EXPENDITURES				
Current:				
General government	9,343,492	9,343,492	8,257,038	1,086,454
Engineering	2,547,069	2,547,069	2,299,609	247,460
Public safety	14,156,584	14,156,584	14,018,907	137,677
Capital outlay	475,000	595,000	742,229	(147,229)
Debt service	371,750	371,750	371,748	2
Contingency	2,615,574	2,615,574	-	2,615,574
TOTAL EXPENDITURES	<u>29,509,469</u>	<u>29,629,469</u>	<u>25,689,531</u>	<u>3,939,938</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,152,271</u>	<u>7,032,271</u>	<u>8,124,525</u>	<u>1,092,254</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	10,000	10,000	18,060	8,060
Transfers in	13,666,296	16,786,296	16,786,296	-
Transfers out	(24,507,740)	(24,627,740)	(21,045,023)	3,582,717
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,831,444)</u>	<u>(7,831,444)</u>	<u>(4,240,667)</u>	<u>3,590,777</u>
NET CHANGE IN FUND BALANCE	(3,679,173)	(799,173)	3,883,858	4,683,031
BUDGETARY FUND BALANCE, Beginning	<u>9,872,226</u>	<u>9,992,226</u>	<u>10,609,133</u>	<u>616,907</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 6,193,053</u>	<u>\$ 9,193,053</u>	<u>14,492,991</u>	<u>\$ 5,299,938</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Lease receivables			80,558	
Deferred inflows - lease receivables			(78,126)	
Investment fair market value adjustment			(74,845)	
GAAP FUND BALANCE			<u>\$ 14,420,578</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ -	\$ -	\$ 581,093	\$ 581,093
Charges for services	3,630,080	3,630,080	3,677,358	47,278
Intergovernmental	4,676,233	5,135,233	4,573,913	(561,320)
System development charges	2,489,327	2,489,327	2,668,867	179,540
Contributions	-	-	66,192	66,192
Interest on investments	743,200	743,200	1,067,466	324,266
Miscellaneous	11,000	11,000	616,405	605,405
TOTAL REVENUES	<u>11,549,840</u>	<u>12,008,840</u>	<u>13,251,294</u>	<u>1,242,454</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personnel services	3,705,209	3,705,209	3,427,481	277,728
Materials and services	7,155,919	7,953,919	7,016,747	937,172
Capital outlay	7,394,000	7,394,000	3,969,566	3,424,434
Debt service	83,194	83,194	83,193	1
Contingency	808,035	808,035	-	808,035
TOTAL EXPENDITURES	<u>19,146,357</u>	<u>19,944,357</u>	<u>14,496,987</u>	<u>5,447,370</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,596,517)</u>	<u>(7,935,517)</u>	<u>(1,245,693)</u>	<u>6,689,824</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	18,222	18,222
Transfers in	2,812,689	2,812,689	2,812,689	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,812,689</u>	<u>2,812,689</u>	<u>2,830,911</u>	<u>18,222</u>
NET CHANGE IN FUND BALANCE	(4,783,828)	(5,122,828)	1,585,218	6,708,046
BUDGETARY FUND BALANCE, Beginning	<u>20,752,390</u>	<u>21,091,390</u>	<u>22,570,450</u>	<u>1,479,060</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 15,968,562</u>	<u>\$ 15,968,562</u>	24,155,668	<u>\$ 8,187,106</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			(103,510)	
GAAP FUND BALANCE			<u>\$ 24,052,158</u>	

The notes to the basic financial statements are an integral part of this statement.



CITY OF REDMOND, OREGON

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges. Funds included are:

Major funds:

- **Water** – The water fund accounts for revenues and expenses related to the City's water utility operations
- **Wastewater** – The wastewater fund accounts for revenues and expenses related to the City's wastewater utility operations
- **Municipal Airport** – The airport fund accounts for activity associated with the operations and capital improvements of the City's municipal airport, Roberts Field.
- **Stormwater** – The Stormwater fund accounts for revenues and expenses related to the City's stormwater utility operations.

Non-Major funds:

- **Municipal Golf** – The golf fund accounts for revenues and expenses related to the City's golf course operations.

CITY OF REDMOND, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

Business-type Activities - Enterprise Funds

	Water	Wastewater	Municipal Airport	Stormwater	(Non-Major) Municipal Golf	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 706,916	\$ 663,707	\$ 3,010,539	\$ 106,475	\$ 19,261	\$ 4,506,898
Investments	7,725,663	7,253,446	32,897,410	1,163,637	210,492	49,250,648
Receivables:						
Accounts, net	940,447	581,760	1,489,414	137,330	150,365	3,299,316
Intergovernmental	-	2,093,848	1,538,892	-	-	3,632,740
Notes, net	30,081	33,779	-	-	-	63,860
Lease receivables, current portion	-	-	172,137	-	-	172,137
Prepaid items	119,503	12,326	204,644	-	339,283	675,756
Inventories	238,338	-	-	-	108,042	346,380
Total current assets	<u>9,760,948</u>	<u>10,638,866</u>	<u>39,313,036</u>	<u>1,407,442</u>	<u>827,443</u>	<u>61,947,735</u>
Noncurrent assets:						
Restricted cash and cash equivalents	59,051	670,899	763,721	-	-	1,493,671
Restricted investments	645,347	7,332,044	8,346,462	-	-	16,323,853
Total OPEB asset	11,405	11,185	28,199	3,318	-	54,107
Lease receivables, net of current portion	682,311	-	4,997,960	-	-	5,680,271
Capital assets:						
Nondepreciable assets	4,636,963	5,970,923	9,173,401	135,751	2,900,800	22,817,838
Depreciable assets, net of depreciation	66,717,386	52,842,880	129,840,113	18,706,806	4,142,331	272,249,516
Lease assets, net of amortization	-	3,283	24,189	821	-	28,293
SBITA assets, net of amortization	8,027	7,410	127,270	-	-	142,707
Total noncurrent assets	<u>72,760,490</u>	<u>66,838,624</u>	<u>153,301,315</u>	<u>18,846,696</u>	<u>7,043,131</u>	<u>318,790,256</u>
Total assets	<u>82,521,438</u>	<u>77,477,490</u>	<u>192,614,351</u>	<u>20,254,138</u>	<u>7,870,574</u>	<u>380,737,991</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	570,022	559,005	1,409,336	165,817	-	2,704,180
OPEB related	20,483	19,084	54,788	4,502	-	98,857
Deferred amount on refunding	-	-	148,583	-	-	148,583
Total deferred outflows of resources	<u>590,505</u>	<u>578,089</u>	<u>1,612,707</u>	<u>170,319</u>	<u>-</u>	<u>2,951,620</u>
LIABILITIES						
Current liabilities:						
Accounts payable	537,170	471,913	1,629,616	134,117	181,282	2,954,098
Accrued interest payable	64,499	125,792	97,406	-	5,382	293,079
Deposits	79,081	-	404,669	-	-	483,750
Retainage payable	-	-	16,505	5,341	-	21,846
Unearned revenue	-	258,454	260,753	-	411,664	930,871
Current portion of OPEB liability	6,118	5,678	16,455	1,313	-	29,564
Current portion of long-term liabilities	750,208	966,703	2,414,614	18,839	330,936	4,481,300
Total current liabilities	<u>1,437,076</u>	<u>1,828,540</u>	<u>4,840,018</u>	<u>159,610</u>	<u>929,264</u>	<u>9,194,508</u>
Noncurrent liabilities:						
Total pension liability	1,416,126	1,388,756	3,501,262	411,944	-	6,718,088
Other postemployment benefits, net of current	74,045	68,722	199,136	15,893	-	357,796
Long-term liabilities, net of current portion	11,095,109	14,147,945	26,038,700	5,229	2,424,507	53,711,490
Total noncurrent liabilities	<u>12,585,280</u>	<u>15,605,423</u>	<u>29,739,098</u>	<u>433,066</u>	<u>2,424,507</u>	<u>60,787,374</u>
Total liabilities	<u>14,022,356</u>	<u>17,433,963</u>	<u>34,579,116</u>	<u>592,676</u>	<u>3,353,771</u>	<u>69,981,882</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	113,152	110,966	279,760	32,914	-	536,792
OPEB related	8,544	7,950	22,887	1,866	-	41,247
Deferred amount on refunding	83,034	-	-	-	54,765	137,799
Lease receivables related	645,031	-	4,989,423	-	-	5,634,454
Total deferred inflows of resources	<u>849,761</u>	<u>118,916</u>	<u>5,292,070</u>	<u>34,780</u>	<u>54,765</u>	<u>6,350,292</u>
NET POSITION						
Net investment in capital assets	59,451,802	43,512,135	115,282,404	18,837,166	4,232,923	241,316,430
Restricted for system development	732,446	7,432,141	3,233,441	-	-	11,398,028
Restricted for debt service	-	408,575	-	-	-	408,575
Restricted for OPEB assets	11,405	11,185	28,199	3,318	-	54,107
Unrestricted	8,044,173	9,138,664	35,811,828	956,517	229,115	54,180,297
Total net position	<u>\$ 68,239,826</u>	<u>\$ 60,502,700</u>	<u>\$ 154,355,872</u>	<u>\$ 19,797,001</u>	<u>\$ 4,462,038</u>	<u>\$ 307,357,437</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

Business-type Activities - Enterprise Funds

	Water	Wastewater	Municipal Airport	Stormwater	(Non-major) Municipal Golf	Total
OPERATING REVENUES						
Charges for services	\$ 8,097,328	\$ 7,167,660	\$ 12,873,375	\$ 1,709,472	\$ 2,571,657	\$ 32,419,492
Rental income	33,036	51,099	4,584,046	-	-	4,668,181
Miscellaneous	117,197	202,761	262,864	20,214	-	603,036
TOTAL OPERATING REVENUES	<u>8,247,561</u>	<u>7,421,520</u>	<u>17,720,285</u>	<u>1,729,686</u>	<u>2,571,657</u>	<u>37,690,709</u>
OPERATING EXPENSES						
Personnel services	1,696,110	1,612,549	4,785,266	464,641	-	8,558,566
Materials and services	4,242,133	4,593,446	6,847,764	812,250	2,689,943	19,185,536
Depreciation and amortization	1,862,174	1,598,406	4,720,894	497,725	279,007	8,958,206
TOTAL OPERATING EXPENSES	<u>7,800,417</u>	<u>7,804,401</u>	<u>16,353,924</u>	<u>1,774,616</u>	<u>2,968,950</u>	<u>36,702,308</u>
OPERATING INCOME (LOSS)	<u>447,144</u>	<u>(382,881)</u>	<u>1,366,361</u>	<u>(44,930)</u>	<u>(397,293)</u>	<u>988,401</u>
NON-OPERATING INCOME (EXPENSES)						
Intergovernmental	-	-	70,409	-	-	70,409
Contributions	-	-	6,371	-	-	6,371
Interest on investments	484,264	716,680	2,345,980	50,220	15,374	3,612,518
Gain (loss) on disposal of capital assets	-	8,183	15,800	-	-	23,983
Interest expense	(389,769)	(240,849)	(967,340)	-	(59,614)	(1,657,572)
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>94,495</u>	<u>484,014</u>	<u>1,471,220</u>	<u>50,220</u>	<u>(44,240)</u>	<u>2,055,709</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>541,639</u>	<u>101,133</u>	<u>2,837,581</u>	<u>5,290</u>	<u>(441,533)</u>	<u>3,044,110</u>
CAPITAL CONTRIBUTIONS						
System development charges	1,648,412	1,113,025	-	-	-	2,761,437
Customer facility charges	-	-	596,274	-	-	596,274
Passenger facility charges	-	-	2,246,559	-	-	2,246,559
Capital asset contributions	1,645,445	1,863,489	-	3,623,633	-	7,132,567
Intergovernmental	813,827	2,154,485	2,532,435	-	-	5,500,747
Capital asset transfers	151,926	100,346	-	83,037	-	335,309
TOTAL CAPITAL CONTRIBUTIONS	<u>4,259,610</u>	<u>5,231,345</u>	<u>5,375,268</u>	<u>3,706,670</u>	<u>-</u>	<u>18,572,893</u>
TRANSFERS						
Transfers In	-	-	-	-	451,519	451,519
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>4,259,610</u>	<u>5,231,345</u>	<u>5,375,268</u>	<u>3,706,670</u>	<u>451,519</u>	<u>19,024,412</u>
CHANGE IN NET POSITION	<u>4,801,249</u>	<u>5,332,478</u>	<u>8,212,849</u>	<u>3,711,960</u>	<u>9,986</u>	<u>22,068,522</u>
NET POSITION, Beginning	<u>63,438,577</u>	<u>55,170,222</u>	<u>146,143,023</u>	<u>16,085,041</u>	<u>4,452,052</u>	<u>285,288,915</u>
NET POSITION, Ending	<u>\$ 68,239,826</u>	<u>\$ 60,502,700</u>	<u>\$ 154,355,872</u>	<u>\$ 19,797,001</u>	<u>\$ 4,462,038</u>	<u>\$ 307,357,437</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

Business-type Activities - Enterprise Funds

	Water	Wastewater	Municipal Airport	Stormwater	(Non-major) Municipal Golf	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,254,753	\$ 7,376,587	\$ 17,879,649	\$ 1,723,706	\$ 2,575,433	\$ 37,810,128
Payments to suppliers	(2,644,105)	(2,424,734)	(5,832,719)	(272,195)	(2,226,998)	(13,400,751)
Payments to employees	(956,680)	(978,297)	(2,804,937)	(284,126)	-	(5,024,040)
Payments for interfund services used	(2,336,507)	(2,796,326)	(2,529,739)	(707,893)	-	(8,370,465)
Net cash provided from (used by) operating activities	<u>2,317,461</u>	<u>1,177,230</u>	<u>6,712,254</u>	<u>459,492</u>	<u>348,435</u>	<u>11,014,872</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	-	-	70,409	-	-	70,409
Contributions	-	-	6,371	-	-	6,371
Transfers in	-	-	-	-	451,519	451,519
Net cash provided from (used by) non-capital financing activities	<u>-</u>	<u>-</u>	<u>76,780</u>	<u>-</u>	<u>451,519</u>	<u>528,299</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	-	707,939	3,109,325	-	-	3,817,264
System development charges	1,635,838	1,108,814	-	-	-	2,744,652
Customer facility charges	-	-	596,274	-	-	596,274
Passenger facility charges	-	-	2,246,559	-	-	2,246,559
Proceeds from issuance of debt	-	1,275,865	-	-	-	1,275,865
Proceeds from sale of capital assets	-	15,583	23,050	-	-	38,633
Acquisition of capital assets	(2,392,690)	(1,993,419)	(6,246,096)	(193,877)	(394,664)	(11,220,746)
Principal paid on long-term obligations	(668,031)	(874,723)	(2,849,389)	(265)	(328,731)	(4,721,139)
Interest paid on long-term obligations	(505,763)	(225,623)	(1,231,584)	-	(71,186)	(2,034,156)
Net cash provided from (used by) capital and related financing activities	<u>(1,930,646)</u>	<u>14,436</u>	<u>(4,351,861)</u>	<u>(194,142)</u>	<u>(794,581)</u>	<u>(7,256,794)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	(1,197,534)	(2,419,524)	(6,309,397)	(363,109)	(29,019)	(10,318,583)
Interest on investments	484,264	716,680	2,345,980	50,220	15,374	3,612,518
Net cash provided (used) by investing activities	<u>(713,270)</u>	<u>(1,702,844)</u>	<u>(3,963,417)</u>	<u>(312,889)</u>	<u>(13,645)</u>	<u>(6,706,065)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(326,455)	(511,178)	(1,526,244)	(47,539)	(8,272)	(2,419,688)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,092,422</u>	<u>1,845,784</u>	<u>5,300,504</u>	<u>154,014</u>	<u>27,533</u>	<u>8,420,257</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 765,967</u>	<u>\$ 1,334,606</u>	<u>\$ 3,774,260</u>	<u>\$ 106,475</u>	<u>\$ 19,261</u>	<u>\$ 6,000,569</u>
COMPRISED AS FOLLOWS						
Cash and cash equivalents	\$ 706,916	\$ 663,707	\$ 3,010,539	\$ 106,475	\$ 19,261	\$ 4,506,898
Restricted cash and cash equivalents	59,051	670,899	763,721	-	-	1,493,671
	<u>\$ 765,967</u>	<u>\$ 1,334,606</u>	<u>\$ 3,774,260</u>	<u>\$ 106,475</u>	<u>\$ 19,261</u>	<u>\$ 6,000,569</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Water	Wastewater	Municipal Airport	Stormwater	(Non-major) Municipal Golf	Totals
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities						
Operating income (loss)	\$ 447,144	\$ (382,881)	\$ 1,366,361	\$ (44,930)	\$ (397,293)	\$ 988,401
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	1,862,174	1,598,406	4,720,894	497,725	279,007	8,958,206
(Increase) decrease in assets:						
Receivables	(260)	(44,933)	84,764	(5,980)	(44,446)	(10,855)
Leases Receivable	(3,461)	-	(316,956)	-	-	320,417
Prepaid expenses	(34,937)	(3,082)	(65,596)	-	469,074	365,459
Inventories	37,999	-	-	-	(17,629)	20,370
Net OPEB asset	2,041	3,105	5,385	766	-	11,297
Deferred outflows - pension	(70,892)	(28,536)	(162,673)	(14,222)	-	(276,323)
Deferred outflows - OPEB	789	3,674	(3,339)	890	-	2,014
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(66,298)	22,085	315,691	3,695	11,500	286,673
Deposits	28,739	-	29,580	-	-	58,319
Unearned revenues	(1,701)	-	148,442	-	48,222	194,963
Compensated absences payable	(10,543)	(4,226)	34,071	1,127	-	20,429
Other postemployment benefits	2,598	(8,604)	28,213	(2,316)	-	19,891
Net pension liability	358,363	264,579	859,318	90,681	-	1,572,941
Deferred inflows - lease related	(16,126)	-	213,534	-	-	(197,408)
Deferred inflows - pension	(215,168)	(237,969)	(540,276)	(66,802)	-	(1,060,215)
Deferred inflows - OPEB	(3,000)	(4,388)	(5,159)	(1,142)	-	(13,689)
Net cash provided from operating activities	<u>\$ 2,317,461</u>	<u>\$ 1,177,230</u>	<u>\$ 6,712,254</u>	<u>\$ 459,492</u>	<u>\$ 348,435</u>	<u>\$ 11,014,872</u>
NON-CASH CAPITAL FINANCING ACTIVITIES						
Developer capital contributions	<u>\$ 1,645,445</u>	<u>\$ 1,863,489</u>	<u>\$ -</u>	<u>\$ 3,623,633</u>	<u>\$ -</u>	<u>\$ 7,132,567</u>
Capital asset transfers	<u>\$ 151,926</u>	<u>\$ 100,346</u>	<u>\$ -</u>	<u>\$ 83,037</u>	<u>\$ -</u>	<u>\$ 335,309</u>

The notes to the basic financial statements are an integral part of this statement.



CITY OF REDMOND, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF REDMOND
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Redmond is a municipal corporation governed by the City Council. The City Council is composed of the mayor and six Council members, elected at-large. The accompanying financial statements present the activities of the City of Redmond (the City), and its component unit, the City of Redmond Urban Renewal Agency, for which the City is considered to be financially accountable. The City of Redmond Urban Renewal Agency is reported as a blended component unit.

Blended Component Unit

The City of Redmond Urban Renewal Agency (the Agency), is an entity legally separate from the City. The Agency prepares and adopts its own budget. The Agency consists of two capital projects funds and two debt service funds, and is presented in the governmental activities in the government-wide financial statements. For financial reporting purposes, the Agency is reported as if it were part of the City's operations due to a common governing board. The City has the ability to significantly influence the operations of the Agency and provides financial benefit.

There are other districts within the City that have not been included as component units of the City. These districts are autonomous Oregon municipal corporations and are not considered component units of the City of Redmond.

Financial statements for the City of Redmond Urban Renewal Agency may be obtained at the City's administration offices in Redmond, Oregon.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on activities of the City and its component units. The effect of interfund activity has been removed from these statements, except where necessary to account for the cost of a program. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using *the economic resources measurement focus and the accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue if all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Taxes, licenses and permits, intergovernmental revenue, charges for services and investment earnings are considered susceptible to accrual and are recognized as revenue when they are both measurable and available. Other revenues are considered to be available if they are collected during 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, claims and judgments expenditures are recorded at the time such payment is due.

MAJOR FUNDS

Governmental Funds – The City has determined the following funds as major governmental funds:

General Fund. The General Fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenues are property taxes and revenues from other governmental agencies. Expenditures are primarily for general government operations and culture and recreation.

Transportation Fund. The Transportation Fund accounts for revenues received from state gasoline taxes apportioned from the State of Oregon and charges for services from other funds based on full cost allocation. Expenditures are related to construction, maintenance, purchase and repair of City streets and vehicles.

Downtown Urban Renewal Development Fund. The Downtown Urban Renewal Development Fund accounts for revenues received from investment income, rental income, miscellaneous income, and activities relating to community development projects.

Capital Projects Fund. The Capital Projects Fund accounts for revenues received from grants, interfund transfers, investment income, capital-related debt issuances, and activities relating to the build-out of significant capital projects outside of the enterprise funds.

Enterprise Funds – The City has determined the following funds as major enterprise funds:

Water Fund. The Water Fund accounts for the financial resources related to the City's water utility operations.

Wastewater Fund. The Wastewater Fund accounts for the financial resources related to the City's wastewater utility operations.

Municipal Airport Fund. The Municipal Airport Fund accounts for the financial resources related to the operations and capital improvements of the City's municipal airport, Roberts Field.

Stormwater Fund. The Stormwater Fund accounts for financial resources related to the City's stormwater utility operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, for which the elimination of, would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and expenses are reported separately from non-operating items in the proprietary funds. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Water, Wastewater, Stormwater, Municipal Airport and Municipal Golf funds are charges to customers for services. Operating expenses for the proprietary funds include the cost of providing services, administrative expenses and depreciation and amortization. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budget Policy

Budgets are prepared in accordance with Oregon Budget Law. Differences between fund-balance under the budgetary-basis of accounting versus the applicable version of GAAP for fund-level statements/schedules, are explained as reconciling items on the bottom of the budget-to-actual schedules. Oregon Budget Law also allows for budgeting of expense reimbursements and interfund loans between funds as revenues and expenditures. This activity has been eliminated for GAAP reporting. Prior to the beginning of each fiscal year, the City adopts an annual budget for each fund in compliance with Oregon Local Budget Law.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed. Operational Unit, Debt Service, Transfers, Special Payments, and Contingencies are the appropriation categories the City utilizes within each fund. The City's published budget contains more specific detailed information for the above-mentioned expenditure categories within each fund. Unexpected expenditures which will exceed an appropriation category are noticed to the public and approved by City Council via a Supplemental Budget resolution before the transaction occurs. Appropriations lapse at fiscal year-end.

E. Assets, Liabilities, Deferred Inflows, Deferred Outflows, and Net Position or Equity

1. Cash, cash equivalents, and investments

Cash and cash equivalents include amounts held as demand deposits and by the Local Government Investment Pool. The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. Investments are reported at fair value based on market prices and include accrued interest. Earnings on the pooled monies are apportioned and credited to the funds monthly, based on the average daily balances of each participating fund.

2. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Notes receivable in governmental funds include loans that are not expected or scheduled to be collected in the subsequent year. Payables reflect invoiced amounts owed to vendors, contractors, suppliers, and accrued liabilities.

3. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

4. Inventories and Prepaid Items

Inventories are valued at cost using the first in/first out (FIFO) method. The only material inventories of the City are accounted for in the Water Fund and Municipal Golf Fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items under the consumption method.

5. Restricted Assets

In accordance with the terms and agreements of some long-term financings, certain assets are restricted as collateral for future debt service payments. Restricted assets are also held for system development charges, unspent grant proceeds, and unspent bond proceeds. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

6. Assets Held for Sale

The City of Redmond has property to be refurbished and sold. On June 30, 2024 the redevelopment properties consist of non-depreciable property purchased to refurbish and sell.

Because these properties are considered to be investments, they are reported at fair value in the Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Net Position; increases and decreases in the property's estimated value are reported as unrealized gain or loss on investments.

7. Capital Assets

Capital assets which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 and an estimated useful life beyond a single reporting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City reports infrastructure assets on project basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements. General infrastructure assets (i.e., those reported by governmental activities) include all such items acquired or constructed in fiscal years ending after June 30, 1980. Historical cost, for the years unknown, was estimated by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition

year). The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	12-55
Utility systems and infrastructure	50
Equipment and vehicles	5-20

8. Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

9. Subscription-Based Information Technology Arrangement (SBITA) Assets

Subscription-based information technology arrangements (SBITAs) are contracts that convey control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a term of more than one year. The value of the intangible right-to-use subscription asset is determined by the net present value of future subscription payments at the City's incremental borrowing rate at the time of commencement of the arrangement, amortized over the term of the arrangement.

10. Compensated Absences

It is the City of Redmond's policy to permit employees to accumulate earned but unused vacation and sick leave. No liability for unpaid accumulated sick leave is recorded because the City does not pay sick leave when employees separate from service with the City. A liability for the vested portion of vacation, compensatory time and Police holiday is reported in the proprietary statement of net position and the government-wide statement of net position.

Payment of this benefit to any employee is made from the fund which had been used to record the personnel cost of the employee immediately prior to separation. Compensated absences are generally paid by the General, Transportation, Parks, Community Development, Water, Wastewater, Stormwater, and Airport funds.

11. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position in the applicable governmental activities and business-type activities columns and in the proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

12. Lease Liabilities

In the government-wide financial statements, lease liabilities are reported as a component of long-term liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources in the year the lease commenced.

13. SBITA Liabilities

In the government-wide financial statements, SBITA liabilities are reported as a component of long-term liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of future subscription payments is reported as other financing sources.

14. 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 (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension and OPEB liabilities are generally paid by the General, Transportation, Parks, Community Development, Water, Wastewater, Stormwater, and Airport funds.

15. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Non-spendable, Restricted, Committed, Assigned, and Unassigned.

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government 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. Non-spendable items are not expected to be converted to cash and include inventories, prepaid items, and assets held for sale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose but are neither restricted nor committed. Intent is expressed when the City Council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Council authorizes the assignment of fund balances by granting the City Manager authority through resolution. The City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been deemed nonspendable, restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance. In

the governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

16. Interfund Services Provided and Used

Sales and purchases of goods and services are recorded between funds for a price approximating their external exchange value. These services are reported as internal charges on the government-wide financial statements. Revenues that represent cost reimbursements or administrative allocations between funds have been eliminated for the government-wide financial statements.

II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

On an annual basis, each department prepares a proposed balanced budget which includes estimated revenues and expenditures. Estimates are made by line item and summarized by cost center, appropriation category and fund level. The proposed budget includes actual results for the prior two fiscal years and the current and proposed fiscal year budgets.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The proposed budget is presented to the City of Redmond Budget Committee which consists of the seven members of the Redmond City Council and seven Redmond citizens. The Committee is tasked with reviewing the proposed budget and amending it where desired. The Budget Committee meetings are public meetings and an opportunity for citizen comment is available. City staff attends the meetings to provide technical analysis and support to the committee. At the conclusion of the budget meetings, the Committee approves a balanced budget that is forwarded to the City Council for adoption.

Prior to the adoption of the final budget, the City Council must hold a public hearing on the budget forwarded to it by the Budget Committee. The Council may make additional changes to the budget before adopting via a budget resolution. The budget must be adopted prior to July 1, which is the start of the fiscal year. Oregon Local Budget Law has procedures in place to amend the budget as events occur after the budget is adopted. The type of event determines the procedures which need to be followed.

Most budget changes require a supplemental budget that adjusts the original adopted budget. A supplemental budget can be acted on by the City Council at a regularly scheduled meeting. If, however, the supplemental budget includes any changes greater than ten percent in any fund, a public hearing must be held prior to the adoption of a supplemental budget. The adopted budget appropriates money for contingencies in each fund to be used at the discretion of the governing body. Contingencies can only be expended for specific events by approval of a resolution by the City Council. Contingency expenditures may include funding for service level policy changes, unforeseen events or redirection of resources.

B. Excess of Expenditures over Appropriations and Deficit Fund Balances

There are no deficit fund balances reported. Expenditures exceeded appropriations in the following fund(s):

Municipal Golf Fund	
Golf Operational Unit	\$ 134,492

C. General and Transportation Funds Budgetary Basis to GAAP Reconciliations

Charges for services revenues and personnel services expenditures in the General Fund, Transportation Fund, and Engineering Fund were adjusted for the elimination of interfund reimbursements of \$5,067,378, \$2,138,286, and \$815,933 respectively. In addition, the change in fair value and donations of assets available for sale of \$7,083,538 are not recorded in the budgetary basis schedules and lease and SBITA activity has been reclassified for GAAP reporting purposes. Investments are valued at amortized cost for the budgetary statements and adjusted to market value for GAAP.

III – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City’s investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts, general obligation issues of the United States and its agencies, certain states and certain guaranteed investments issued by banks. During the year, the City purchased allowable investment instruments but did not participate in any repurchase or reverse repurchase agreements.

Deposits

Custodial Credit Risk. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2024. If bank deposits at year-end are not entirely insured or collateralized by the City or by its agent in the City’s name, the City must disclose the custodial credit risk that exists. The City’s deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository’s FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

For the fiscal year ended June 30, 2024, the carrying amount of the City’s deposits was \$4,004,969 and the bank balance was \$6,098,674. Of the bank balance, \$546,707 was covered by federal depository insurance and underlying investments. The remaining \$5,551,967 was collateralized under ORS 295.

Investments

As of June 30, 2024, the City had the following investments and maturities:

Investment Type	Maturity	Fair Value
Local Government Investment Pool	1 day	\$ 20,156,160
Money Market Investments	1 day	451,656
Commercial Paper (Rating P-1 100%)	Less than 1 yr	2,242,174
US Government Agency Obligations (Rating AAA)	3 to 5 years	14,258,307
US Government Agency Obligations (Rating AAA)	1 to 3 years	54,967,240
US Government Agency Obligations (Rating AAA)	Less than 1 yr	77,503,222
Corporate Bonds (Rating AA3 58%, A1 42%)	3 to 5 years	1,354,766
Corporate Bonds (Rating AA2 66%, AA3 34%)	1 to 3 years	1,134,784
Corporate Bonds (Rating AAA 50%, AA3 50%)	Less than 1 yr	450,842
		172,519,151
Less amounts classified as cash equivalents		(20,607,816)
Total investments		\$ 151,911,335

Investment Pool. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities' and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294. 135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share invested at \$1.00 per share, it is possible to lose money by investing in the pool. The City intends to measure these investments at book value, as the LGIP's fair value approximates its amortized cost basis.

Fair Value Hierarchy. The City categorizes fair value measurements within the hierarchy established by GASB Statement 72. The hierarchy is based on the inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical instruments. The City considers US government agency obligations to be level 1. Level 2 inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations in which all significant inputs are observable. The City considers all other investments other than LGIP to be level 2. The LGIP is not required to be categorized.

Interest Rate Risk. To the extent possible, investments are matched with anticipated cash flow requirements and known future liabilities. Unless matched to a specific cash flow requirement, the City does not invest in securities maturing more than five years from the date of settlement. The weighted average final maturity of the City's portfolio cannot exceed 30 months at any time.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes, Chapter 294, authorizes the City to invest in obligations of the United States Treasury and United States Government agencies and instrumentalities, certain certificates of deposit and bankers' acceptances, repurchase agreements, certain high-grade commercial paper and corporate bonds and obligations of states and municipalities.

All investments of the City are made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for Custodial Officer), ORS 294.805 to 294.895 (Local Government Investment Pool), and ORS 294.052 (Investment by municipality of proceeds of bonds). Any revisions or extensions of these sections of the ORS Chapter are assumed to be part of the City's Investment Policy immediately upon being enacted.

The City's minimum credit quality requirements of the portfolio must be AA or the equivalent. Commercial Paper must be rated no less than A-1 or the equivalent by a NRSRO. The target weighted average credit quality of the portfolio cannot be greater than a value of three (3) using the table below.

Value	Moody's Rating		S&P Ratings		Fitch Ratings	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
1	Aaa	P-1	AAA	A-1+	AAA	F1+
2	Aa1		AA+		AA+	
3	Aa2		AA		AA	
4	Aa3		AA-		AA-	
5	A1		A+	A-1	A+	F1
6	A2		A		A	
7	A3		A-		A-	

Securities that have been downgraded to below the minimum ratings will be sold or held at the Custodial Officer's discretion. The Custodial Officer is responsible for bringing the portfolio back into compliance as soon as practicable.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the government will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The City's investment policy provides that broker/dealers and financial institutions meet certain qualifications, which are reviewed annually.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City diversifies the investment portfolio to avoid incurring unreasonable risks, both credit and interest rate risk, inherent in over-investing in specific instruments, individual financial institutions or maturities. Nevertheless, the asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy, the securities markets and the City's anticipated cash flow needs. All diversification requirements must be calculated based on the cost value of the holdings at the time of purchase.

Specific diversification requirements must be applied to the aggregate holdings of an institution as of the date of trade settlement.

<u>Instruments:</u>	<u>Maximum % of Portfolio</u>	<u>Maximum % Per Issuer</u>
U.S. Treasury Obligations	100%	N/A
Federal Instrumentality Securities	75%	25%
Corporate Indebtedness/Commercial Paper	35%	5%
Banker's Acceptances	25%	10%

Local Government Investment Pool	Up to statutory limit	N/A
Time Certificates of Deposit	35%	10%
Repurchase Agreements	5%	5%
Obligations of the States of Oregon, California, Idaho, and Washington	25%	10%

On June 30, 2024, the City did not hold investments with any one issuer that exceeded these limits.

Foreign Currency Risk. The City's investment policy prohibits investments that are not U.S. dollar-denominated; therefore, the City is not exposed to this risk.

B. Restricted Balances

The City holds restricted cash for system development and debt service, building and planning fees, urban renewal, customer facility charges, program income, unspent grant proceeds, and unspent debt proceeds.

C. Receivables

Receivables as of year-end for the major funds and the non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental Receivables:

	<u>General</u>	<u>Transportation</u>	<u>Downtown Urban Renewal Development</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
Property taxes	\$ 279,493	\$ -	\$ -	\$ -	\$ 118,823	\$ 398,316
Accounts	815,620	233,298	-	-	79,277	1,128,194
Intergovernmental	319,717	361,004	-	3,000,000	3,867	3,684,588
Notes	-	339,134	8,041,690	-	340,270	8,721,094
Assessments	55,493	-	-	-	-	55,493
	<u>1,470,323</u>	<u>933,436</u>	<u>8,041,690</u>	<u>3,000,000</u>	<u>542,237</u>	<u>13,987,685</u>
Less: allowance for doubtful accounts	<u>(48,017)</u>	<u>(75,878)</u>	<u>(318,545)</u>	<u>-</u>	<u>(84,160)</u>	<u>(526,600)</u>
Total governmental activities	<u>\$ 1,422,306</u>	<u>\$ 857,557</u>	<u>\$ 7,723,145</u>	<u>\$ 3,000,000</u>	<u>\$ 458,077</u>	<u>\$ 13,461,085</u>

Assessments are due from property owners as part of a local improvement district. Each contract calls for semi-annual payments which amortizes the loan over 10 years. Prepayment, without penalty, is allowed. Payment is normally made in full in the event of sale of property or re-financing of the property. The assessments are liens against the real property.

The City has notes receivable from individuals and businesses purchasing real property and improvements. Since the notes are liens against real property, an additional allowance for uncollectible amounts is not necessary; however, allowances have been made for amounts that are estimated to be uncollectible by virtue of loan forgiveness arrangements. The notes bear interest at two to eight percent with original contract terms of seven to thirty years.

As of June 30, 2024, the Urban Renewal Agency, through the Downtown Urban Renewal Development Fund, had various notes receivable totaling \$7.7 million that have been executed to assist properties renovate and redevelop in the district. These loans have various terms as detailed below.

An allowance for uncollectible accounts is reviewed annually based on the performance and activity of each project location. For forgivable loans, the evaluation includes the expectation of future amounts to be forgiven. Loans are secured by liens on the real property and are to be repaid upon sale, transfer, or conveyance. A summary of the loan receivable balances as of June 30, 2024, is below.

Project Type Location (loan terms)	Inception Date	Forgivable	Original Loan Amount	Balance Paid	Balance Forgiven	Interest Accrued	Allowance for Uncollectible	Outstanding June 30, 2024
Food/Dining								
413 Glacier Ave (semi-annual payments, 3.25% for 10 years)	5/25/2016	No	\$ 49,256	\$ (31,069)	\$ -	\$ 313	\$ -	\$ 18,500
652 SW 6th St (semi-annual payments, 5.00% for 10 years)	4/11/2019	No	100,000	(100,000)	-	-	-	-
404 SW Forest Ave (semi-annual payments, 5.00% for 10 years)	4/18/2019	No	100,000	(22,816)	-	375	-	77,559
424 NW 5th St (semi-annual payments, 5.25% for 10 years)	5/16/2019	No	100,000	(21,879)	-	2,375	-	80,496
652 SW 6th St (semi-annual payments, 0% for 10 years)	6/20/2019	No	50,000	(50,000)	-	-	-	-
308 SW Evergreen Ave (semi-annual payments, 4.75% for 10 years)	12/6/2022	No	100,000	(12,288)	-	263	-	87,975
652 SW 6th St (semi-annual payments, 0% for 10 years)	2/1/2024	No	31,655	-	-	-	-	31,655
Hotel								
521 SW 6th St (balloon payment, 5% for 30 years)	6/10/2019	Yes*	2,700,000	-	(360,000)	534,000	-	2,874,000
521 SW 6th St (monthly interest w/balloon, 3% for 15 years)	6/10/2019	No	830,000	-	-	2,075	-	832,075
Medical								
333 NW Larch Ave (annual payment, 4.25% for 7 years)	10/21/2020	Yes*	600,000	-	(100,000)	36,125	(286,125)	250,000
Housing								
736 NW 5th St (annual payment starting 2037, 0% for 40 years)	12/23/2020	No	2,820,062	-	-	-	-	2,820,062
432 SW 6th St (monthly interest w/balloon, 3.25% for 15 years)	5/27/2022	No	245,430	-	-	4,600	-	250,030
SDC Buydowns (repaid if sold within 5 years, 0% interest)	Various	Yes*	285,000	-	(199,000)	-	(4,300)	81,700
Retail								
432 SW 6th St (annual payments, 3.25% for 5 years)	6/23/2021	Yes*	49,000	-	(19,600)	272	(14,700)	14,972
432 SW 6th St (monthly payments, 3.25% for 10 years)	6/23/2021	No	49,000	-	-	136	-	49,136
Property Assistance								
Various (repaid if sold within 5 years, 0% interest)	Various	Yes*	481,608	(11,500)	(201,703)	-	(13,420)	254,985
			\$ 8,591,011	\$ (249,552)	\$ (880,303)	\$ 580,534	\$ (318,545)	\$ 7,723,145

* Forgiveness occurs annually, for a proportionate share of the loan, if specific metrics are met and the property is owned by the borrower.

Enterprise Receivables:

	<u>Water</u>	<u>Wastewater</u>	<u>Municipal Airport</u>	<u>Stormwater</u>	<u>(Non-Major) Municipal Golf</u>	<u>Total</u>
Accounts	\$ 1,021,880	\$ 630,833	\$ 1,510,073	\$ 149,233	\$ 162,831	\$ 3,474,850
Intergovernmental	-	2,093,848	1,538,892	-	-	3,632,740
Notes	37,601	42,224	-	-	-	79,825
	<u>1,059,481</u>	<u>2,766,905</u>	<u>3,048,965</u>	<u>149,233</u>	<u>162,831</u>	<u>7,187,415</u>
Less: allowance for doubtful accounts	<u>(88,951)</u>	<u>(57,518)</u>	<u>(20,659)</u>	<u>(11,903)</u>	<u>(12,466)</u>	<u>(191,497)</u>
Total business-type activities	<u>\$ 970,530</u>	<u>\$ 2,709,387</u>	<u>\$ 3,028,306</u>	<u>\$ 137,330</u>	<u>\$ 150,365</u>	<u>\$ 6,995,918</u>

D. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. The deferred amount relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City's recognizes expense/expenditures. The second item is for deferred amounts of debt refunding.

On June 30, 2024, deferred outflows of resources were as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Municipal Airport</u>	<u>Stormwater</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Pensions	\$ 570,022	\$ 559,005	\$1,409,336	\$ 165,817	\$ 2,704,180	\$ 9,573,511
OPEB	20,483	19,084	54,788	4,502	98,857	291,632
Debt refunding	-	-	148,583	-	148,583	-
	<u>\$ 590,505</u>	<u>\$ 578,089</u>	<u>\$1,612,707</u>	<u>\$ 170,319</u>	<u>\$ 2,951,620</u>	<u>\$ 9,865,143</u>

E. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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. On the full accrual basis in the government-wide and proprietary funds statement of net position, the City reports deferred inflows related to pensions, OPEB, and deferred amounts on debt refunding. On the modified accrual basis of accounting unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

On June 30, 2024, the deferred inflows of resources were from the following sources:

	Water	Wastewater	Municipal		(Non-Major)		Governmental Activities
			Airport	Stormwater	Municipal Golf	Business-type Activities	
Pension related	\$ 113,152	\$ 110,966	\$ 279,760	\$ 32,914	\$ -	\$ 536,792	\$ 1,900,389
OPEB related	8,544	7,950	22,887	1,866	-	41,247	121,156
Debt refunding	83,034	-	-	-	54,765	137,799	36,118
Lease receivables	645,031	-	4,989,423	-	-	5,634,454	78,126
	<u>\$ 849,761</u>	<u>\$ 118,916</u>	<u>\$5,292,070</u>	<u>\$ 34,780</u>	<u>\$ 54,765</u>	<u>\$ 6,350,292</u>	<u>\$ 2,135,789</u>

On June 30, 2024, the governmental funds report unavailable revenues from the following sources:

	Downtown Urban Renewal					Total
	General	Transportation	Development	Capital Projects	Other Governmental	
Property taxes	\$ 205,484	\$ -	\$ -	\$ -	\$ 87,103	\$ 292,587
Assessments	69,337	1,018	-	-	-	70,355
Grants	462,280	77,829	-	-	-	540,109
Loans / other	-	271,307	7,386,459	-	333,043	7,990,809
	<u>\$ 737,101</u>	<u>\$ 350,154</u>	<u>\$ 7,386,459</u>	<u>\$ -</u>	<u>\$ 420,146</u>	<u>\$ 8,893,860</u>

Uncollected property taxes in governmental funds are shown on the statement of net position as receivables. Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes unpaid as of May 16 are considered delinquent. Taxes are billed and collected by Deschutes County, and remittance to the City is made at periodic intervals.

For the fiscal year 2023-24, the City levied property taxes for general purposes and repayment of a general obligation bond. After reductions for offsets and increases for additional taxes and penalties this resulted in net levy of \$13,803,435 for general purposes and \$2,177,190 for repayment of the general obligation bond. The tax rate for the fiscal year was \$4.4101 for general purposes and \$0.6387 for the general obligation bond, per \$1,000 of assessed value. The assessed valuation for the City as of January 1, 2024, was \$3,407,752,771. The City of Redmond Urban Renewal Agency, a blended component unit of the City, levied taxes at its maximum taxing authority. After reductions for offsets and additional taxes and penalties, this resulted in a net levy of \$3,230,552 for the Downtown Urban Renewal District and \$918,749 for the South Highway 97 Urban Renewal District.

F. Assets Held for Sale

Land purchased to be refurbished and sold is separately identified from capital assets placed in service. During the year ended June 30, 2024, assets held for sale activity is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Downtown Urban Renewal Development - Land	\$ 227,066	\$ 6,812	\$ -	\$ 233,878
Capital Projects - Land	-	7,076,726	-	7,076,726
Assets held for sale not being depreciated:	<u>\$ 227,066</u>	<u>\$ 7,083,538</u>	<u>\$ -</u>	<u>\$ 7,310,604</u>

G. Capital assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated / amortized:					
Land	\$ 21,434,743	\$ 1,366,522	\$ (33)	\$ -	\$ 22,801,232
Works of art	551,871	-	-	-	551,871
Construction in progress	1,744,936	14,725,922	(2,898,417)	(335,308)	13,237,133
Total capital assets, not being depreciated / amortized	<u>23,731,550</u>	<u>16,092,444</u>	<u>(2,898,450)</u>	<u>(335,308)</u>	<u>36,590,236</u>
Capital assets, being depreciated / amortized:					
Buildings and improvements	16,439,120	1,026,517	-	-	17,465,637
Lease buildings and improvements	18,257	-	-	-	18,257
Land improvements	26,933,594	2,149,698	(137,450)	-	28,945,842
Infrastructure	135,512,074	3,814,933	-	-	139,327,007
Machinery and equipment	4,251,526	352,078	-	-	4,603,604
Leased machinery and equipment	177,433	-	(7,023)	-	170,410
Subscription based IT	861,669	108,902	(16,703)	-	953,868
Vehicles	5,219,328	1,138,627	(298,830)	-	6,059,125
Total capital assets, being depreciated / amortized	<u>189,413,001</u>	<u>8,590,755</u>	<u>(460,006)</u>	<u>-</u>	<u>197,543,750</u>
Less accumulated depreciation / amortization for:					
Buildings and improvements	(3,803,742)	(371,034)	-	-	(4,174,776)
Lease buildings and improvements	(4,564)	(2,282)	-	-	(6,846)
Land improvements	(7,674,012)	(848,716)	137,450	-	(8,385,278)
Infrastructure	(39,102,167)	(2,774,429)	-	-	(41,876,596)
Machinery and equipment	(2,789,703)	(286,962)	-	-	(3,076,665)
Leased machinery and equipment	(57,197)	(34,473)	7,023	-	(84,647)
Subscription based IT	(274,471)	(306,306)	16,703	-	(564,074)
Vehicles	(2,496,111)	(361,353)	295,092	-	(2,562,372)
Total accumulated depreciation / amortization	<u>(56,201,967)</u>	<u>(4,985,555)</u>	<u>456,268</u>	<u>-</u>	<u>(60,731,254)</u>
Capital assets, being depreciated / amortized, net	<u>133,211,034</u>	<u>3,605,200</u>	<u>(3,738)</u>	<u>-</u>	<u>136,812,496</u>
Total Governmental activities capital assets, net	<u>\$ 156,942,584</u>	<u>\$ 19,697,644</u>	<u>\$ (2,902,188)</u>	<u>\$ (335,308)</u>	<u>\$ 173,402,732</u>

Depreciation expense was charged to functions/programs of the governmental activity as follows:

Governmental activities:	
General government	\$ 425,357
Engineering	4,116
Public safety	252,235
Highways and streets	3,144,429
Culture and recreation	766,742
Community development	49,615
Total depreciation expense - governmental activities	<u>\$ 4,642,494</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated / amortized:					
Land	\$ 6,935,291	\$ -	\$ -	\$ -	\$ 6,935,291
Works of art	88,643	-	-	-	88,643
Water rights	198,287	-	-	-	198,287
Construction in progress	7,513,930	9,652,797	(1,906,418)	335,308	15,595,617
Total capital assets, not being depreciated / amortized	<u>14,736,151</u>	<u>9,652,797</u>	<u>(1,906,418)</u>	<u>335,308</u>	<u>22,817,838</u>
Capital assets, being depreciated / amortized:					
Buildings and improvements	95,775,719	38,314	-	-	95,814,033
Lease buildings and improvements	46,820	5,070	-	-	51,890
Land improvements	50,008,620	797,719	-	-	50,806,339
Infrastructure	211,832,692	8,114,243	-	-	219,946,935
Machinery and equipment	16,810,263	611,841	(306,751)	-	17,115,353
Leased machinery and equipment	7,035	-	-	-	7,035
Subscription based IT	42,159	144,483	-	-	186,642
Vehicles	6,682,932	957,634	(138,488)	-	7,502,078
Total capital assets, being depreciated / amortized	<u>381,206,240</u>	<u>10,669,304</u>	<u>(445,239)</u>	<u>-</u>	<u>391,430,305</u>
Less accumulated depreciation / amortization for:					
Buildings and improvements	(32,864,439)	(2,099,906)	-	-	(34,964,345)
Lease buildings and improvements	(10,404)	(17,297)	-	-	(27,701)
Land improvements	(19,695,642)	(1,158,622)	-	-	(20,854,264)
Infrastructure	(41,980,549)	(4,794,873)	-	-	(46,775,422)
Machinery and equipment	(12,240,814)	(510,567)	299,251	-	(12,452,130)
Leased machinery and equipment	(1,524)	(1,407)	-	-	(2,931)
Subscription based IT	(6,964)	(36,971)	-	-	(43,935)
Vehicles	(3,681,838)	(338,564)	131,338	-	(3,889,064)
Total accumulated depreciation / amortization	<u>(110,482,174)</u>	<u>(8,958,207)</u>	<u>430,589</u>	<u>-</u>	<u>(119,009,792)</u>
Capital assets, being depreciated / amortized, net	<u>270,724,066</u>	<u>1,711,097</u>	<u>(14,650)</u>	<u>-</u>	<u>272,420,513</u>
Business-type activities capital assets, net	<u>\$285,460,217</u>	<u>\$ 11,363,894</u>	<u>\$ (1,921,068)</u>	<u>\$ 335,308</u>	<u>\$295,238,351</u>

Depreciation expense was charged to functions/programs of the business-type activity as follows:

Business-type activities:	
Water	1,860,080
Wastewater	1,595,347
Municipal Airport	4,670,653
Stormwater	497,444
Municipal Golf	279,008
Total depreciation expense - business-type activities	<u>\$ 8,902,532</u>

Lease Assets

Lease asset activity for governmental activities for the year ended June 30, 2024 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	\$ 177,433	\$ -	\$ (7,023)	\$ 170,410
Buildings	18,257	-	-	18,257
Accumulated amortization	(61,761)	(36,755)	7,023	(91,493)
Governmental activities lease assets, net	\$ 133,929	\$ (36,755)	\$ -	\$ 97,174

Amortization expense charged to governmental functions:

General	\$ 391
Public Safety	31,754
Transportation	2,328
Community Development	2,282
Engineering	-
Total amortization for governmental activities	\$ 36,755

Lease asset activity for business-type activities for the year ended June 30, 2024 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	\$ 7,035	\$ -	\$ -	\$ 7,035
Buildings	46,820	5,070	-	51,890
Accumulated amortization	(11,928)	(18,704)	-	(30,632)
Business-type activities lease assets, net	\$ 41,927	\$ (13,634)	\$ -	\$ 28,293

Amortization expense charged to business-type functions:

Wastewater	\$ 1,126
Airport	17,297
Stormwater	281
Total amortization for business-type activities	\$ 18,704

SBITA Assets

SBITA asset activity for governmental activities for the year ended June 30, 2024 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Software subscriptions	\$ 861,669	\$ 108,902	\$ (16,703)	\$ 953,868
Accumulated amortization	(274,471)	(306,306)	16,703	(564,074)
Governmental activities SBITA assets, net	\$ 587,198	\$ (197,404)	\$ -	\$ 389,794

Amortization expense charged to governmental functions:

General	\$ 258,885
Public Safety	1,772
Transportation	7,260
Culture and Recreation	6,121
Engineering	32,268
Total amortization for governmental activities	\$ 306,306

SBITA asset activity for business-type activities for the year ended June 30, 2024 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Software subscriptions	\$ 42,159	\$ 144,483	\$ -	\$ 186,642
Accumulated amortization	(6,964)	(36,971)	-	(43,935)
Business-type activities SBITA assets, net	\$ 35,195	\$ 107,512	\$ -	\$ 142,707

Amortization expense charged to business-type functions:

Water	\$ 2,094
Wastewater	1,933
Airport	32,944
Total amortization for business-type activities	\$ 36,971

H. Interfund Activity

Interfund Transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds:		
General Fund	\$16,786,296	\$21,045,023
Transportation Fund	2,812,689	-
Downtown Urban Renewal Development Fund	916,525	-
Capital Projects Fund	-	3,000,000
Non-Major Governmental Funds	4,881,979	1,803,985
Other Enterprise Funds	451,519	-
Total All Funds	<u>\$25,849,008</u>	<u>\$25,849,008</u>

Transfers were mainly for operational support and capital projects.

I. Long-Term Liabilities from Direct Borrowings and Direct Placements

Notes, Bonds and Certificates of Participation

For both governmental and business-type activities, the City has issued Full Faith & Credit Obligations, all of which were issued to provide funds for the acquisition and construction of major capital facilities and acquire personal property.

The City also issues special assessment debt to provide funds for the construction of streets in existing residential areas. These bonds will be repaid from amounts levied against the property owners benefited by these improvements. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Full Faith & Credit Obligation bonds are direct obligations and pledge the full faith and credit of the City. These are serial bonds with terms ranging from 20 years to 30 years with increasing amounts of principal maturing each year.

Oregon Revised Statutes 287A.050 provides a limit on general obligation bonded indebtedness in excess of 3% of the real market value of all taxable property within the City. The City's debt limitation is \$245.3 million.

Changes in Long-Term Liabilities from Direct Borrowings and Direct Placements

Changes in long-term liabilities for the year ended June 30, 2024 are as follows:

	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within One Year
Governmental activities:					
Governmental bonds:					
Full Faith and Credit bonds	\$ 16,599,000	\$ -	\$(1,374,000)	\$ 15,225,000	\$ 1,433,000
General Obligation bonds	33,625,000	-	(465,000)	33,160,000	610,000
Limited tax issuances	6,079,000	-	(194,000)	5,885,000	209,000
Deferred premium	6,397,542	-	(374,373)	6,023,169	-
Total governmental bonds	62,700,542	-	(2,407,373)	60,293,169	2,252,000
Governmental loans / notes from direct borrowings:					
Bank of America	19,015	-	(2,181)	16,834	2,346
Total governmental loans / notes	19,015	-	(2,181)	16,834	2,346
Lease liabilities	120,722	-	(36,193)	84,529	36,565
SBITA liabilities	500,785	90,641	(313,547)	277,879	220,138
Compensated absences	1,613,516	1,636,122	(1,471,560)	1,778,078	1,463,043
Governmental activities total long-term liabilities	\$ 64,954,580	\$ 1,726,763	\$(4,230,854)	\$ 62,450,489	\$ 3,974,092
Business-type activities:					
Enterprise bonds					
Water bonds	\$ 11,031,000	\$ -	\$(659,000)	\$ 10,372,000	\$ 676,000
Sewer bonds	1,720,000	-	(225,000)	1,495,000	235,000
Airport bonds	27,055,000	-	(2,020,000)	25,035,000	2,095,000
Golf bonds	3,028,000	-	(316,000)	2,712,000	317,000
Deferred premium	4,481,928	-	(388,703)	4,093,225	-
Total enterprise bonds	47,315,928	-	(3,608,703)	43,707,225	3,323,000
Enterprise loans / notes from direct borrowings:					
Water - Bank of America	78,727	-	(9,031)	69,696	9,712
Sewer - Bank of America	37,893	-	(4,347)	33,546	4,675
Sewer - DEQ	13,087,623	897,488	(644,315)	13,340,796	659,699
Airport - First Interstate Bank	685,146	-	(685,146)	-	-
Airport - Bank of America	489,599	-	(56,160)	433,439	60,400
Golf - Bank of America	38,727	-	(4,442)	34,285	4,778
Golf - US Bank	17,434	-	(8,276)	9,158	9,158
Total enterprise loans / notes	14,435,149	897,488	(1,411,717)	13,920,920	748,422
Lease liabilities	42,563	5,070	(18,384)	29,249	19,957
SBITA liabilities	16,073	144,483	(71,026)	89,530	33,230
Compensated absences	425,435	368,422	(347,991)	445,866	356,691
Business-type activities total long-term liabilities	\$ 62,235,148	\$ 1,415,463	\$(5,457,821)	\$ 58,192,790	\$ 4,481,300
Total City	\$ 127,189,728	\$ 3,142,226	\$(9,688,675)	\$ 120,643,279	\$ 8,455,392

Bonds Payable

Governmental Activities

Full Faith and Credit Obligation Bonds Series 2014A (Tax Exempt) in the amount of \$11,955,000 and Series 2014B (Federally Taxable) in the amount of \$8,695,000 were issued on April 8, 2014 to the City of Redmond. The City in turn entered into a loan agreement with City of Redmond Urban Renewal Agency for these bonds. The City of Redmond has elected to report it as a direct debt of the City of Redmond Urban Renewal Agency (URA) in accordance with said loan agreement between the City and URA which recognizes that URA is directly responsible for the bond debt payments. Debt proceeds were used to pay off remaining principal balances in the amount of \$8,665,000 of Urban Renewal Bonds Series 2005A, 2005B, and Series 1999B. Of the \$9,705,000 outstanding as of June 30, 2024, \$1,195,000 is due in the next year.

On July 21, 2015 the City issued Full Faith and Credit Limited Tax Revenue bonds for the Evergreen Elementary School Project/City Hall and Well #7/ Water Improvements for \$6,535,000 and \$2,880,000 respectively, for a total of \$9,415,000. There are two separate amortization schedules for the debt. The City Hall debt is payable semi-annually over 30 years, with interest on August 1st of each year and principal and interest on February 1st of each year. The full faith and credit of the City is pledged as collateral and there are no reserve or revenue requirements. The bond issuances carry interest rates ranging from 2% to 4%, depending on maturity date. Of the \$5,195,000 outstanding as of June 30, 2024, \$160,000 is due in the next year.

On April 7, 2022, the City issued Full Faith and Credit bonds to refinance the Full Faith and Credit bonds issued in 2012. The full amount of bond proceeds was \$4,925,000, of which \$475,000 was designated as governmental activities and the remainder as business-type activities. The refunding resulted in a net present value savings of \$344,805 and actual savings of \$870,069. The interest rate is 2.304% with principal amounts due annually and interest payments due semi-annually until final maturity in June 2033. Of the \$325,000 balance outstanding as of June 30, 2024, \$78,000 is due in the next year.

On August 17, 2022, the City issued General Obligation bonds to finance a new public safety facility for the Police Department. The full amount of bond proceeds was \$34,265,000. The interest rate is 2.7457% with interest payments due semi-annually in June and December of each year and principal due annually every June with final maturity in June 2042. Of the \$33,160,000 outstanding as of June 30, 2024, \$610,000 is due in the next year.

On February 7, 2023, the City issued Limited Tax Issuance bonds to provide funding for the Downtown Urban Renewal Agency. The full amount of bond proceeds was \$6,079,000. The interest rate is 5.83% with interest payments due semi-annually in June and December of each year and principal due annually every June with final maturity in June 2038. Of the \$5,885,000 outstanding as of June 30, 2024, \$209,000 is due in the next year.

Bonded debt requirements for governmental activities are summarized below:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 2,252,000	\$ 2,667,509	\$ 4,919,509
2026	2,432,000	2,556,877	4,988,877
2027	2,620,000	2,437,326	5,057,326
2028	2,828,000	2,308,289	5,136,289
2029	2,949,000	2,169,042	5,118,042
2030-2034	13,658,000	8,757,175	22,415,175
2035-2039	15,691,000	5,285,555	20,976,555
2040-2044	11,485,000	1,282,550	12,767,550
2045-2049	355,000	14,200	369,200
Total	<u>\$ 54,270,000</u>	<u>\$ 27,478,523</u>	<u>\$ 81,748,523</u>

Business-type Activities

On July 21, 2015 the City issued new Full Faith and Credit Limited Tax Revenue bonds for the Evergreen Elementary School Project/City Hall and Well #7/ Water Improvements for \$6,535,000 and \$2,880,000 respectively, for a total of \$9,415,000. There are two separate amortization schedules for the debt. The Water bonds are payable semi-annual over 20 years, with interest on August 1st of each year and principal and interest on February 1st of each year. The full faith and credit of the City is pledged as collateral and there are no reserve or revenue requirements. The bond issuances carry interest rates ranging from 2% to 4%, depending on maturity date. Of the \$1,810,000 outstanding as of June 30, 2024, \$135,000 is due in the next year.

On March 15, 2016 the City issued Full Faith and Credit Limited Tax Revenue bonds for the construction of a building and improvements at the Airport leased to the Forest Service with a 20 year non-cancellable lease and to refund the USDA Sewer Revenue bonds for \$2,500,000 and \$3,080,000, respectively, for a total of \$5,580,000. There are two separate amortization schedules for the debt. The Airport debt is payable semi-annual over 20 years, with interest on December 1st of each year and principal and interest on June 1st of each year. The refunding bonds are also payable semi-annual at the same payment dates, but over a 14-year period. The full faith and credit of the City is pledged as collateral and there are no reserve or revenue requirements. The bond issuances carry interest rates ranging from 2.1% to 4.05% for the Airport debt and 2% to 4% for the refunding bonds, depending on maturity date. There is no reserve requirement, but there are continuing disclosure requirements that require EMMA reporting within 270 days of year end. The refunding was a current refunding with USDA, so an escrow account was not used. The refunding resulted in a cash savings of \$3,294,318 over the life of the bonds and an economic gain of \$2,325,751. Of the \$3,180,000 outstanding as of June 30, 2024, \$350,000 is due in the next year.

On October 13, 2015 the City issued \$2,205,000 of Full Faith and Credit airport parking bonds. The bonds are payable semi-annual over 10 years, with interest on June 1 of each year and principal and interest on December 1 of each year. The full faith and credit of the City is pledged as collateral and there are no reserve or revenue requirements. The bonds carry interest rates ranging from 2% to 4%, depending on maturity date. There is no reserve requirement, but there are continuing disclosure requirements that require EMMA reporting within 270 days of year end. The refunding reduced total debt service payments over the life of the debt by \$258,256 and resulted in an economic gain (difference between the present value of the debt service payments

on the old and new debt) of \$231,084. Of the \$510,000 outstanding as of June 30, 2024, \$250,000 is due in the next year.

On March 28, 2019 the City issued \$14,330,000 of Full Faith and Credit Refunding Bonds Series 2019A (Private Activity, Non-AMT). Debt proceeds were used to pay off all or a portion of the City's Airport Revenue Bonds, Series 2009, and the City's Full Faith and Credit Obligations, Series 2009 (Terminal Expansion Project), finance the construction of a new water supply facility and other improvements to the water system, finance construction and equipping of certain airport projects, and pay costs of issuance of the bonds. Debt is payable semi-annually on June 1 and December 1 of each year, with the final payment due June 1, 2033 with interest ranging from 4 – 5%. The refunding resulted in a net present value savings of \$6,231,982 and actual savings of \$13,383,808. The bonds are secured and payable from the City's general non-restricted revenue, including revenues from ad valorem taxes. The City expects to pay the debt service on the bonds from revenues of the airport. As of June 30, 2024, \$9,665,000 of the bond is outstanding with \$1,075,000 due in the next year.

On March 28, 2019 the City issued \$16,640,000 of Full Faith and Credit Bonds Series 2019B-1 (Non-AMT). Total proceeds were allocated to the Water Fund in the amount of \$9,340,000 and to the Airport Fund in the amount of \$7,300,000. Debt proceeds were used to finance construction of a new water supply facility and other improvements to the water system, finance construction of the Snow Removal Equipment Building at the airport, and pay costs of issuance of the Bonds. Debt is payable semi-annually on June 1 and December 1 of each year, with the final payment due June 1, 2039. Interest rates range from 4 - 5%. The bonds are secured and payable from the City's general non-restricted revenue, including revenues from ad valorem taxes. The City expects to pay the debt service on the bonds from revenues of the airport and water system. As of June 30, 2024, \$15,105,000 of the bond is outstanding with \$360,000 due in the next year.

On March 28, 2019 the City issued \$2,915,000 of Full Faith and Credit Bonds Series 2019B-2 (AMT). Debt proceeds were received to financial construction of the airport parking lot expansion, and pay costs of issuance of the Bonds. Debt is payable semi-annually on June 1 and December 1 of each year, with the final payment due June 1, 2027. The interest rate is 3%. The bonds are secured and payable from the City's general non-restricted revenue, including revenues from ad valorem taxes. The City expects to pay the debt service on the bonds from revenues of the airport. As of June 30, 2024, \$1,125,000 is outstanding with \$410,000 due in the next year.

On March 28, 2019 the City issued \$5,845,000 of Full Faith and Credit Bonds Series 2019C (Federally Taxable). Debt proceeds were used to finance construction and equipping of certain airport projects and pay costs of issuance of the Bonds. Debt is payable semi-annually on June 1 and December 1 of each year, with the final payment due June 1, 2039. Interest rates range from 2.67-3.9%. The bonds are secured and payable from the City's general non-restricted revenue, including revenues from ad valorem taxes. The City expects to pay the debt service on the bonds from revenues of the airport. As of June 30, 2024, \$4,750,000 is outstanding with \$245,000 due in the next year.

On April 7, 2022, the City issued Full Faith and Credit Refunding bonds to refinance the Full Faith and Credit obligation bonds issued in 2012. The full amount of bond proceeds was \$4,925,000, of which \$475,000 was designated as governmental activities and the remainder as business-type activities with \$1,114,000 going to the Water Fund, and \$3,336,000 going to the Golf Fund. The refunding resulted in a net present value savings of \$344,805 and actual savings of \$807,069. The interest rate is 2.304% with principal amounts due annually and interest payments due semi-annually until final maturity in June 2033. Of the \$3,469,000 balance outstanding as of June 30, 2024, \$498,000 is due in the next year.

Bonded debt requirements for business-type activities are summarized below:

Year Ending June 30	Business-type Activities		
	Principal	Interest	Total
2025	\$ 3,323,000	\$ 1,734,914	\$ 5,057,914
2026	3,436,000	1,603,129	5,039,129
2027	3,280,000	1,471,376	4,751,376
2028	3,404,000	1,336,170	4,740,170
2029	3,342,000	1,188,955	4,530,955
2030-2034	13,659,000	3,814,914	17,473,914
2035-2039	9,170,000	1,303,904	10,473,904
Total	<u>\$ 39,614,000</u>	<u>\$ 12,453,362</u>	<u>\$ 52,067,362</u>

Contracts, Loans, and Notes from Direct Borrowings and Direct Placements

Governmental Activities

The City received a loan of \$1,071,326 with interest of 3.07%. Semi-annual payments are required for 15 years. Of the total loan amount, \$766,490 is not subject to AMT and \$304,836 is subject to AMT. Loan is further split between funds with \$30,682 going to governmental activities and \$1,040,644 going to business-type activities. Of the \$16,834 from governmental activities outstanding at June 30, 2024, \$2,346 is due in the next year.

Contracts, loans and notes requirements for governmental activities are summarized below:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 2,346	\$ 499	\$ 2,845
2026	2,518	426	2,944
2027	2,699	347	3,046
2028	2,889	263	3,152
2029	3,087	172	3,259
2030-2034	3,295	76	3,371
Total	<u>\$ 16,834</u>	<u>\$ 1,783</u>	<u>\$ 18,617</u>

Business-type Activities

The City received a loan from the Department of Environmental Quality (DEQ) in June 2004 for construction of wastewater system improvements up to \$10,183,559. Upon completion of the project, the DEQ loan is repaid in semi-annual payments in varying amounts over 20 years at 2.94% interest. In accordance with the loan agreement, an initial principal and interest payment is due within one year of the completion date. Of the \$3,308,660 outstanding as of June 30, 2024, \$469,078 is due in the next year.

The City received a loan of up to \$2,500,000, with interest of 7.7%, from Bank of the Cascades in November 2007 to finance the construction of a Forest Services building. Construction was

completed in fiscal year 2009-10 and the City used \$1,732,271 of debt proceeds for construction. The loan is secured by the full faith and credit of the City. During the year, the City paid off the outstanding balance with available cash.

The City received a loan of \$1,071,326 with interest of 3.07%. Semi-annual payments are required for 15 years. Of the total loan amount \$766,490 is not subject to AMT and \$304,836 is subject to AMT. Loan is further split between funds with \$30,682 going to governmental activities and \$1,040,644 going to business-type activities. Of the \$570,966 from business-type activities outstanding as of June 30, 2024, \$79,565 is due in the next year.

The City received a loan from the Oregon Department of Environmental Quality (DEQ) in July 2016 for the construction of the East Side Sewer Interceptor project in the amount of up to \$7,129,250. The loan was drawn to a total of \$6,158,352 as the City incurred eligible project costs. The DEQ loan will be repaid in semi-annual installments in varying amounts over 30 years at 1.00% interest with a 0.5% loan servicing fee due annually. Of the \$5,143,258 outstanding as of June 30, 2024, \$190,621 is due in the next year.

The Golf Course received a loan in August 2020 from US Bank for \$39,992 with 2.01% interest. Payments of \$713 a month, including interest, are to be made for 59 months, with final maturity on June 30, 2025. Of the \$9,158 outstanding at June 30, 2024, \$9,158 is due in the next year.

The City entered into a loan agreement with the Oregon Department of Environmental Quality (DEQ) in June 2021 for the purpose of making improvements to the wastewater treatment plant. The agreement allows the City to draw up to \$6,400,000. The term of the loan is 20 years with an interest rate of 1.24% per annum. The City pledged its net revenues to secure payment of the loan. The first interest-only payment is due six months after the project completion, with semi-annual payments of principal and interest due thereafter. On June 30, 2023, \$3,991,390 of the loan had been drawn and during the fiscal year the City drew down an additional \$897,488 on the loan. The outstanding balance at June 30, 2024 is \$4,888,878, with \$0 due in the next year.

Contracts, loans and notes requirements for business-type activities are summarized below:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 748,422	\$ 161,841	\$ 910,263
2026	760,920	143,441	904,361
2027	783,286	124,539	907,825
2028	806,389	105,002	911,391
2029	830,252	84,810	915,062
2030-2034	1,954,057	212,565	2,166,622
2035-2039	1,074,407	133,483	1,207,890
2040-2044	1,129,353	78,537	1,207,890
2045-2049	944,956	21,378	966,334
	<u>\$ 9,032,042</u>	<u>\$ 1,065,596</u>	<u>\$ 10,097,638</u>
	4,888,878 *		
	<u>13,920,920</u>		

* Amortization table for the City's new debt agreement with DEQ is not yet available and thus not yet included in this table

J. Leases

Pursuant to the guidance outlined by the Governmental Accounting Standards Board (GASB), a lease is a contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Entities can either be the “lessor” within a lease arrangement (the party exchanging use of its asset for resources), or the “lessee” within a lease arrangement (the party receiving use of another entity’s assets in exchange for resources). Not all leases held by an entity will be subject to GASB guidance, as there are exclusions for select lease types.

The City is both lessor and lessee to various types of leasing arrangements for land, buildings, and equipment.

The City considers leases to be either Qualified or Non-Qualified for reporting under GASB 87, with subsections within each classification, as the following table illustrates.

City as Lessor – Leases

Non-Qualified Lease (<u>not</u> subject to GASB 87)	Treatment in Financial Statements
Short-Term Lease	Transactions are recognized as inflows of resources during the year.
Below-market Lease	Transactions are recognized as inflows of resources during the year.
Qualified Lease (subject to GASB 87)	Treatment in Financial Statements
Long-Term Lease	A lease receivable and a deferred inflow of resources is recognized during the commencement year and amortized in subsequent years. Notes are disclosed.
Long-Term Lease - Regulated	Transactions are recognized as inflows of resources during the year. Notes are disclosed.

Non-Qualified Leases (*not* subject to GASB 87) – (Lessor)

The City of Redmond *occasionally* provides short-term leasing options to third parties for use of its land, buildings, and equipment. Short-term leases are characterized by having a maximum possible term under the contract of 12 months (or less), including any options to extend. Most short-term leases offered by the City of Redmond are month-to-month leases that may be cancelled by either party with a 30-day notice. Leases that meet the short-term exclusion from GASB 87 include City-hall facility leases, leases in a *hold-over* period from an expired lease agreement, non-exclusive easement leases, some aircraft hangar leases, aircraft tie-down leases, and some airport land leases.

The City of Redmond *rarely* provides below-market leasing options to third parties for use of its land, buildings, and equipment. Below-market leases are characterized as being a rate that is significantly lower than the prevailing market rates for the leasing of a similar asset. Leases that meet exclusion for being below-market are land leases for the benefit of non-profit agencies.

Qualified Lease (subject to GASB 87) – (Lessor)

The City of Redmond *occasionally* provides long-term leasing options to third parties for use of its land, buildings, and equipment. Long-term leases are characterized by meeting the definition of a “lease” as outlined by the GASB (as stated in the first paragraph of the financial statement note) and by not qualifying as a short-term lease. Leases that are considered long-term (i.e. not short-term) by GASB 87 include land leases for telecommunication equipment, land leases for tenant-constructed buildings, and airport terminal space agreements for non-aeronautical uses.

Leases that fall into the lessor category for the City of Redmond are in the following table:

Lease Type	Arrangements
Land Lease - Telecommunication	The city provides land for use by telecommunication lessees (i.e. cell tower land). The lessees have exclusive use under the agreements, and agreements extend out to June 2064, through optional extensions. The lessees make either monthly or annual payments and pay annual property taxes.
Land Lease - Commercial Tenant	The city provides airport-owned land for use by commercial tenants. These leases are for non-aeronautical uses. The lessees have exclusive use under the agreements, and agreements extend out to January 2072, through optional extensions. The lessees make monthly payments and pay annual property taxes.
Airport Terminal - Concessions	The city provides airport-owned building space within its airport terminal for use by commercial tenants. These leases are for non-aeronautical uses. The lessees have exclusive use under the agreements, and agreements extend out to December 2025, through optional extensions. The lessees make monthly rent payments that include a fixed-component and a variable-component that is based on concession sales.
Airport Terminal - Car Rentals	The city provides airport terminal space for car rental services. These leases are considered non-aeronautical by the FAA. Currently the leases are in a hold-over status and are considered short-term in nature, however, they are significant to future lease disclosures.

Lease Type	Status	Fixed Inflows	Variable Inflows
Land Lease - Telecommunication	2 active	\$ 24,350	\$ -
Land Lease - Commercial Tenant	10 active	240,811	-
Airport Terminal - Concessions	1 active	39,052	427,512
Airport Terminal - Car Rentals	4 inactive	-	-

Lease receivables for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Land Lease - Telecommunication	\$ 88,056	\$ -	\$ (7,498)	\$ 80,558
Total Governmental Activities	<u>\$ 88,056</u>	<u>\$ -</u>	<u>\$ (7,498)</u>	<u>\$ 80,558</u>
<u>Business-type Activities</u>				
Land Lease - Telecommunication	\$ 678,850	\$ 3,461	\$ -	\$ 682,311
Land Lease - Commercial Tenant	4,754,537	493,398	(137,323)	5,110,612
Airport Terminal - Concessions	98,605	-	(39,120)	59,485
Total Business-type Activities	<u>\$ 5,531,992</u>	<u>\$ 496,859</u>	<u>\$ (176,443)</u>	<u>\$ 5,852,408</u>

Schedule of Expected Future Minimum Payments – Lessor

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 7,641	\$ 1,440	\$ 169,065	\$ 273,135
2026	7,786	1,295	138,659	268,495
2027	7,933	1,148	127,011	263,626
2028	8,084	997	119,591	258,648
2029	8,237	844	128,045	253,475
2030-2034	40,877	1,828	666,199	1,178,293
2035-2039	-	-	643,520	1,028,389
2040-2044	-	-	397,258	904,074
2045-2049	-	-	412,758	819,129
2050-2054	-	-	546,642	711,732
2055-2059	-	-	669,171	570,942
2060-2064	-	-	744,505	407,352
2065-2069	-	-	660,611	219,613
2070-2074	-	-	429,373	33,434
Total	\$ 80,558	\$ 7,552	\$ 5,852,408	\$ 7,190,337

Qualified Lease (subject to GASB 87) – (Lessor Regulated)

Through ongoing financial relations with the Federal Aviation Administration (FAA), the City of Redmond's airport is subject to some financial regulations by the FAA. These financial regulations from the FAA, among other objectives within the regulations, ensure that the City of Redmond's lease rates cannot exceed a reasonable amount, that the City of Redmond enacts similar lease rates for lessees that are similarly situated, and that the City cannot deny potential lessees the right to enter into leases if facilities are available. Furthermore, the city considers only leases that are "aeronautical" (as defined by the FAA) as being includable in the regulated leases, as regulated by the FAA.

Leases that fall into the regulated category for the City of Redmond are in the following table:

Lease Type	Arrangements
Land Lease - Airport	The city provides land for use by 3rd parties. The lessees have exclusive use under the agreements, and agreements extend out up to 38 years, through optional extensions. Traditionally the 3rd party erects a hangar on the land for aviation use. The lessees make either monthly or annual payments.
Building Lease - Airport	The city provides buildings for use by 3rd parties. The lessees have exclusive use under the agreements, and agreements extend out up to 35 years, through optional extensions. The buildings are leased for aviation use. The lessees make either monthly or annual payments.

Details by Lease Type are provided in the following table:

Lease Type	Status	Fixed Inflows	Variable Inflows
Land Lease - Airport	13 active	\$ 627,415	\$ -
Building Lease - Airport	22 active	886,686	66,974

Schedule of Expected Future Minimum Payments – Lessor Regulated

Year Ending June 30	Payments
2025	\$ 1,451,437
2026	1,449,600
2027	1,427,579
2028	1,383,898
2029	1,265,711
2030-2034	6,441,126
2035-2039	6,142,444
2040-2044	4,944,700
2045-2049	1,314,026
2050-2054	1,401,262
2055-2059	1,007,698
2060-2064	177,338
Total	<u>\$ 28,406,819</u>

City as Lessee – Leases

Non-Qualified Lease (<u>not</u> subject to GASB 87)	Treatment in Financial Statements
Short-Term Lease	Transactions are recognized as outflows of resources during the year.
Below-market Lease	Transactions are recognized as outflows of resources during the year.
Qualified Lease (subject to GASB 87)	Treatment in Financial Statements
Long-Term Lease	A lease liability and an intangible right-to-use asset is recognized during the commencement year and amortized in subsequent years. Notes are disclosed.

Non-Qualified Leases (*not* subject to GASB 87) – (Lessee)

The City of Redmond *occasionally* accepts short-term leasing options from third parties for use of their land, buildings, and equipment. Short-term leases are characterized by having a maximum possible term under the contract of 12 months (or less), including any options to extend. Most short-term leases accepted by the City of Redmond are month-to-month leases that may be cancelled by either party with a 30-day notice. Leases that meet the short-term exclusion from GASB 87 include some copier leases, leases in a *hold-over* period from an expired lease agreement, and some small equipment leases.

Qualified Lease (subject to GASB 87) – (Lessee)

The City of Redmond *occasionally* accepts long-term leasing options from third parties for use of their buildings and equipment. Long-term leases are characterized by meeting the definition of a “lease” as outlined by the GASB (as stated in the first paragraph of the financial statement note) and by not qualifying as a short-term lease. Leases that are considered long-term (i.e. not short-term) by GASB 87 include equipment leases for document copying equipment and computer equipment for the Police Department, and building-space leases.

Leases that fall into the lessee category for the City of Redmond are in the following table:

Lease Type	Arrangements
Equipment Lease	The city leases 6 copy machines and 1 set of computer hardware from 3rd parties. Payments for the 6 copy machine leases are made monthly and range from \$419 to \$2,865 annually. Payments for the computer hardware are \$30,168 annually. The effective interest rate used for these leases range from 1.5% to 6.0%.
Building Lease	The city leases 1 building-space from a 3rd party. Payments for the 1 building-space lease are made annually and are \$2,357 annually. The effective interest rate used for this lease is 1.51%. The city leases 1 modular building from a 3rd party. Payments for the modular building are made monthly and are \$18,308 annually. The effective interest rate for this lease is 3.87%.

Lease payables for the year ended June 30, 2024 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<u>Governmental Activities</u>					
Equipment Lease	\$ 106,846	\$ -	\$ (34,045)	\$ 72,801	\$ 34,353
Building Lease	13,876	-	(2,148)	11,728	2,212
Total Governmental Activities	<u>\$ 120,722</u>	<u>\$ -</u>	<u>\$ (36,193)</u>	<u>\$ 84,529</u>	<u>\$ 36,565</u>
<u>Business-type Activities</u>					
Equipment Lease	\$ 5,684	\$ -	\$ (1,327)	\$ 4,357	\$ 1,409
Building Lease	36,879	5,070	(17,057)	24,892	18,548
Total Business-type Activities	<u>\$ 42,563</u>	<u>\$ 5,070</u>	<u>\$ (18,384)</u>	<u>\$ 29,249</u>	<u>\$ 19,957</u>

Schedule of Expected Future Minimum Payments – Lessee

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2025	\$ 36,565	\$ 1,558	\$ 19,957	\$ 860
2026	37,378	778	7,840	187
2027	5,693	194	1,452	44
2028	2,415	74	-	-
2029	2,478	37	-	-
Total	<u>\$ 84,529</u>	<u>\$ 2,641</u>	<u>\$ 29,249</u>	<u>\$ 1,091</u>

K. Subscription-based information technology arrangements (SBITAs)

Pursuant to the guidance outlined by the Governmental Accounting Standards Board (GASB), a SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The City considers subscriptions to be either Qualified or Non-Qualified for reporting under GASB 96, with subsections within each classification, as the following table illustrates.

City as Subscriber - SBITA

Non-Qualified Subscription (<u>not</u> subject to GASB 96)	Treatment in Financial Statements
Short-Term Subscription	Transactions are recognized as outflows of resources during the year.
Below-market Subscription	Transactions are recognized as outflows of resources during the year.
Qualified Subscription (subject to GASB 96)	Treatment in Financial Statements
Long-Term Subscription	A subscription liability and an intangible right-to-use asset is recognized during the commencement year and amortized in subsequent years. Notes are disclosed.

Non-Qualified Subscription (*not* subject to GASB 96) – (Subscriber)

The City of Redmond *occasionally* accepts short-term SBITA options from third parties for use of their software. Short-term subscriptions are characterized by having a maximum possible term under the contract of 12 months (or less), including any options to extend. Most short-term subscriptions accepted by the City of Redmond are annual agreements that may be cancelled by either party with a 30-day notice. Subscriptions that meet the short-term exclusion from GASB 96 include some annual software agreements and digital technical manuals.

Qualified Subscription (subject to GASB 96) – (Subscriber)

The City of Redmond *occasionally* accepts long-term subscription options from third parties for use of their IT software. Long-term subscriptions are characterized by meeting the definition of a “SBITA” as outlined by the GASB and by not qualifying as a short-term subscription. Subscriptions that are considered long-term (i.e. not short-term) by GASB 96 include the Microsoft software suite, phone software, anti-malware and network protection software, and other software required to operate computer equipment.

Subscriptions that fall into the subscriber category for the City of Redmond are in the following table:

Lease Type	Arrangements
Software as a Service (SaaS)	The City subscribes to 12 software-as-a-services from 3rd parties. Payments for the 12 software as a service are made annually and range from \$6,549 to \$114,578 annually. Payments for the subscriptions are \$383,129 annually. The effective interest rate used for these subscriptions range from 3.01% to 4.80%.
Disaster Recovery as a Service (DRaaS)	The City subscribes to 1 DRaaS from a 3rd party. Payments for the DRaaS are made annually and total \$9,216. The effective interest rate used for this lease is 3.12%.

SBITA payables for the year ended June 30, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental Activities					
Software as a Service (SaaS)	\$ 486,195	\$ 90,641	\$ (298,957)	\$ 277,879	\$ 220,138
Disaster Recovery as a Service (DRaaS)	14,590	-	(14,590)	-	-
Total Governmental Activities	<u>\$ 500,785</u>	<u>\$ 90,641</u>	<u>\$ (313,547)</u>	<u>\$ 277,879</u>	<u>\$ 220,138</u>
Business-type Activities					
Software as a Service (SaaS)	\$ 16,073	\$ 144,483	\$ (71,026)	\$ 89,530	\$ 33,230
Total Business-type Activities	<u>\$ 16,073</u>	<u>\$ 144,483</u>	<u>\$ (71,026)</u>	<u>\$ 89,530</u>	<u>\$ 33,230</u>

Schedule of Expected Future Minimum Payments – Lessee

Year Ending June 30	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 220,138	\$ 4,723	\$ 33,230	\$ 2,948
2026	17,411	2,401	20,217	1,622
2027	19,203	1,600	17,650	850
2028	21,127	716	18,433	67
Total	<u>\$ 277,879</u>	<u>\$ 9,440</u>	<u>\$ 89,530</u>	<u>\$ 5,487</u>

L. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2024 were as follows:

	<u>Combined General Fund</u>	<u>Transportation Fund</u>	<u>Downtown Urban Renewal Development Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance						
Nonspendable:						
Prepaid items	\$ 332,228	\$ -	\$ -	\$ -	\$ -	\$ 332,228
Restricted for:						
System development	-	13,990,015	-	7,076,726	6,760,296	27,827,037
Community development	-	-	-	-	6,400,764	6,400,764
Urban renewal	-	-	8,855,357	-	1,784,731	10,640,088
Debt service	-	-	-	33,397,409	266,681	33,664,090
Other	194,087	152	-	-	117,414	311,653
Committed for:						
Highways and streets	-	581,093	-	-	-	581,093
Assigned for:						
Police operations	2,319,623	-	-	-	-	2,319,623
Highways and streets	-	9,480,898	-	-	-	9,480,898
Parks	-	-	-	-	943,934.00	943,934
Community development	-	-	-	-	1,007,790.00	1,007,790
Capital Projects	-	-	-	1,094,854	-	1,094,854
Engineering services	430,038	-	-	-	-	430,038
Unassigned	11,144,602	-	-	-	-	11,144,602
Total Fund Balance	\$ 14,420,578	\$ 24,052,158	\$ 8,855,357	\$ 41,568,989	\$ 17,281,610	\$106,178,692

IV - 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 omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for the risk of loss including worker's compensation, property damage, general liability, automobile liability, boiler and machinery, inland marine and fidelity bonding. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

The City established a risk management fund to account for the payment of property and casualty liability insurance premiums, claims for unemployment and the first \$1,700 of each workers' compensation claim in order to hold the City's rating at the lowest level possible. The costs associated with the property and casualty liability insurance are reported as interfund transactions to the extent of the amounts of the estimated premium per fund. The costs for unemployment and workers' compensation are funded through transfers from other funds. Unemployment and workers' compensation insurance claims are expensed as incurred but are generally not substantial. Only the July payments for June activity were accrued as a liability in the fund.

B. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

Employees of the City of Redmond are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost sharing, multiple employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, and is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at:

<http://www.oregon.gov/pers/emp/Pages/Actuarial-Financial-Information.aspx>

Benefits Provided

1. 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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$225,533 in 2023 and will be indexed with inflation in later years.

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

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- The member was employed by a PERS employer at the time of death,
- The member died within 120 days after termination of PERS-covered employment,
- The member died as a result of injury sustained while employed in a PERS covered job, or
- The member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire) 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 market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2%.

2. OPSRP Defined Benefit 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 with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent 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.

General service: 1.5 percent 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$225,533 in 2023 and will be indexed with inflation in later years.

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

Death Benefits

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

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400.

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. The accounts fall under Internal Revenue Code Section 401(a).

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. Installment amounts vary with market returns, as the account remains invested while in distribution. 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

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

1. Employer 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. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2024 were \$5,501,572, excluding \$68 to fund the retirement health insurance account (RHIA). The net rates in effect for the fiscal year ended June 30, 2024 excluding RHIA rate of .00% Tier One/Tier Two and .00% OPSRP, were 25.56% for Tier One/Tier Two General Service Member, 24.87% for OPSRP Police and Fire, and 20.08% for OPSRP Pension Program General Service Members.

2. Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$1,167,400 for the year ended June 30, 2024 and are included in employer contributions above.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,688 per month (increased from \$3,570 per month on January 1, 2024), 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

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

At June 30, 2024, the City reported a liability of \$30,501,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportionate share was 0.16284454%, which was increased from its proportionate share of 0.14859473%, measured as of June 30, 2022.

For the year ended June 30, 2024, the City's recognized pension expense (income) of \$5,707,535. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,491,636	\$ 120,943
Changes of assumptions	2,709,608	20,203
Net difference between projected and actual earnings on investments	548,244	-
Changes in proportionate share	3,438,898	-
Differences between employer contributions and employers proportionate share of system contributions	-	2,296,035
Total (prior to post-measurement date contributions)	8,188,386	2,437,181
Contributions subsequent to the measurement date	4,089,304	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 12,277,690</u>	<u>\$ 2,437,181</u>

Contributions made by the City to the pension, subsequent to the measurement date, of \$4,089,304 is reported as a deferred outflow of resources and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2025	\$ 1,077,816
2026	(333,651)
2027	3,441,964
2028	1,351,297
2029	213,779
Total	<u>\$ 5,751,205</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

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.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.0%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100%	

Assumed Inflation - Mean

2.35%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring that plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

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

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
City's proportionate share of the net pension liability (asset)	\$ 50,383,395	\$ 30,501,899	\$ 13,863,195

Defined Benefit Pension Plan Fiduciary Net Position

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

Payables to the Defined Benefit Pension Plan

The City reports payables in the amount of \$231,602 to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2023 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2023 measurement period that require disclosure.

C. Other Post-Employment Benefits (OPEB)

The other post-employment benefits for the City includes two separate plans to provide certain healthcare benefits to retirees. The first is a single-employer, defined benefit, post-employment healthcare plan administered by the City known as the City of Redmond Retiree Health Plan. The second is a multi-employer, cost-sharing, defined benefit, other post-employment benefit plan administered by the Oregon Public Employees Retirement System (OPERS) known as the Retirement Health Insurance Account (RHIA).

The aggregate Net OPEB (Asset)/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB (Asset)/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Total / Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Income) Expense
City of Redmond Retiree Health Plan	\$ 1,513,698	\$ 360,565	\$ 153,587	\$ 162,645
Retirement Health Insurance Account (RHIA)	(245,661)	29,924	8,816	(3,764)
Aggregate net amounts related to OPEB	<u>\$ 1,268,037</u>	<u>\$ 390,489</u>	<u>\$ 162,403</u>	<u>\$ 158,881</u>

City of Redmond Retiree Health Plan

Plan Description

The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, which is considered a single employer plan. Although the City does not pay any portion of the retirees' healthcare insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. Qualified spouses, domestic partners, and children may qualify for coverage. GASB Statement 75 is applicable to the City for this implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75. The City had 8 retired members and 209 active members in its plan on July 1, 2022, the date of its most recent actuarial valuation.

Outline of Plan Provisions

There are certain provisions that apply in order for retirees to receive or continue receiving OPEB benefits, which are listed below:

- The retiree must be eligible to receive benefits from Oregon PERS under the RHIA program.
- The retiree must not be eligible for Medicaid, nor should the eligible dependents become ineligible under the dependent guidelines.
- The retirees must contribute the full health plan premiums.

Total OPEB Liability

The City's total OPEB liability of \$1,513,698 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation rate	2.40 percent
Discount rate*	3.65 percent
Projected salary increases	3.40 percent
Cost of living adjustment (COLA)	3.40 percent
Health Cost Trend	<u>Medical and vision</u>
	2022: 4.25%
	2023: 6.75%
	2024: 6.50%
	2025: 6.00%
	after: 5.25% to 3.75%
	<u>Dental</u>
	2022: 1.75%
	2023: 4.00%
	2024: 4.00%
	2025: 4.00%
	after: 4.00% to 3.75%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
* Based on a 20-year general obligation bond yield index published by The Bond Buyer	

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 1,466,575
Changes for the year:	
Service cost	109,691
Interest on total OPEB liability	54,002
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(14,121)
Benefit payments	<u>(102,449)</u>
Net changes	<u>47,123</u>
Balance at June 30, 2024	<u>\$ 1,513,698</u>

Sensitivity Analysis

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB (asset) liability	\$ 1,643,792	\$ 1,513,698	\$ 1,394,024

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Current Trend Rate	1% Increase
Total OPEB liability	\$ 1,344,286	\$ 1,513,698	\$ 1,716,365

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$162,645. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,665	\$ 29,142
Changes of assumptions or inputs	153,570	124,445
Total (prior to post-measurement date contributions)	245,235	153,587
Contributions subsequent to the measurement date	115,330	-
Total deferred outflows and deferred inflows of resources	<u>\$ 360,565</u>	<u>\$ 153,587</u>

Contributions made by the City to the OPEB, subsequent to the measurement date, of \$115,330 is reported as a deferred outflow of resources and will be recognized as a reduction of the total OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the total OPEB liability will be recognized in OPEB expense as follows:

Year Ending June 30	
2025	\$ (1,048)
2026	(1,048)
2027	(298)
2028	18,975
2029	36,481
Thereafter	38,586
Total	<u>\$ 91,648</u>

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the 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 OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (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 after January 1, 2004. OPERS issues a publicly available financial report that includes 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.

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 Retirement Health Insurance Account 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. The plan was closed to new entrants hired after August 29, 2003.

Outline of Plan Provisions

To be eligible to receive this monthly payment toward the premium cost the member must:

- 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
- Receive both Medicare Parts A and B coverage
- Enroll in a PERS-sponsored health plan

To be eligible to receive this monthly payment toward the premium cost, a surviving spouse or dependent of a deceased PERS retiree, must either:

- Be receiving a retirement benefit or allowance from PERS, or
- Be previously insured at the time the member died and the member retired before May 1, 1991.

Contributions

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.00% of annual covered payroll for Tier 1 and Tier 2 employees and 0.00% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC); an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2024, 2023, and 2022, were \$68, \$1,322 and \$2,006, respectively.

Net OPEB Asset

The City's net OPEB asset of \$245,661 was measured as of June 30, 2023 and was determined by an actuarial valuation as of December 31, 2021. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. On June 30, 2023, the City's proportionate share was 0.06709009 percent, which was decreased from its proportionate share of 0.08139555 percent measured as of June 30, 2022.

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

For the year ended June 30, 2024, the City's recognized OPEB income of \$3,764. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,167
Changes of assumptions	-	2,649
Net difference between projected and actual earnings on investments	697	-
Changes in proportionate share	<u>29,159</u>	<u>-</u>
Total (prior to post-measurement date contributions)	29,856	8,816
Contributions subsequent to the measurement date	<u>68</u>	<u>-</u>
Total deferred outflows and deferred inflows of resources	<u>\$ 29,924</u>	<u>\$ 8,816</u>

Contributions made by the City to the OPEB, subsequent to the measurement date, of \$68 is reported as a deferred outflow of resources and will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the net OPEB asset/liability will be recognized in OPEB expense as follows:

Year Ending June 30	
2025	\$ 12,168
2026	(3,463)
2027	9,079
2028	3,256
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 21,040</u>

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.4 percent
Long-Term Expected Rate of Return	6.9 percent
Discount Rate	6.9 percent
Projected Salary Increases	3.4 percent
Retiree healthcare participation	Healthy retirees: 27.5 percent Disabled retirees: 15.0 percent
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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 forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.0%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100%	

Assumed Inflation - Mean 2.35%

Discount Rate

The discount rate used to measure the net OPEB asset was 6.9 percent. 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 plan invests was applied to all periods of projected benefit payments to determine the net OPEB asset.

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the net OPEB asset. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. The actuary's opinion is that the plan's fiduciary net position is projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity Analysis

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

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Net OPEB (asset) liability	\$ (223,306)	\$ (245,661)	\$ (264,841)

Other Post Employment Benefit Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2023 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

We are not aware of any changes subsequent to the June 30, 2023 Measurement Date that meet this requirement and thus require a brief description under the GASB standard.

D. Commitments and Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims not covered by the City's insurance are reviewed and losses are accrued based on the judgment of City management. According to City management, based on advice of legal counsel with respect to such litigation and claims, ultimate disposition of these matters will not have a material adverse effect on the financial position or results of City operations.

Redmond City Code establishes procedures to provide credit to developers for constructing public improvements in excess of the minimum required for development. The City's policy is to issue a credit to the developer for the incremental cost of the additional improvements, which can be used to offset future system development charges (SDC). The credits are non-transferable from one type of SDC charge to another, are not refundable for cash or other value and expire ten years from the date the credit is issued. The City currently has credit certificates outstanding of \$3,276,434, which include transportation SDC credits of \$208,878, park SDC credits of \$1,803,436, water SDC credits of \$510,106, and sewer credits of \$754,013. In addition, the City accepted projects during the year ended June 30, 2024, which may result in additional credits issued. It is unknown how many of the credits will be redeemed in the future and if any credits will be issued for projects accepted during the year ended June 30, 2024. The City cannot reasonably estimate the liability related to credits issued and has not reported a liability in the financial statements.

The City is committed under various design and construction contracts on June 30, 2024. Major projects in progress at year end are summarized as follows:

- **Wastewater**
 - Redmond Wetlands Complex (WW2101) – The City contracted with Anderson Perry for \$7.5 million to design the expand the 610-acre Effluent and Biosolids Disposal Complex and transition its operation to a more sustainable and environmentally friendly treatment alternative. As of June 30, 2024, \$2.6 million remained outstanding as a commitment.
- **Transportation**
 - Street Overlay Project – The City contracted with Tri County Paving for street overlay work to occur during summer 2024 on May 21st, 2024, in an amount not to exceed \$791,950. As of June 30, 2024, the full balance remained as a commitment.
 - ADA Transition Plan – The City contracted with Keeton King Construction LLC for the installation of sidewalk and ADA-compliant curb ramps within the City of Redmond on April 9, 2024, in an amount not to exceed \$1.4 million. As of June 30, 2024, \$1.1 million remained outstanding as a commitment.
 - Reservoir Drive & Wickiup Avenue Improvements – The City contracted with Taylor Northwest LLC for construction of infrastructure improvements along Reservoir Drive & Wickiup Avenue on August 22nd, 2023, in an amount not to exceed \$5.7 million. As of June 30, 2024, \$3.6 million remained outstanding as a commitment.
 - Eastside Arterial Project – The City contracted with Knife River Corp Northwest for construction of large transportation corridor on the eastside of Redmond on May 24, 2024, in an amount not to exceed \$4.6 million. As of June 30, 2024, \$4.4 million remained outstanding as a commitment.
- **Airport**
 - Airport Terminal Expansion – RS&H Oregon contracted for up to \$13.0 million to design the Airport terminal building expansion. As of June 30, 2024, \$7.4 million in tasks were authorized, and \$5.4 million remained outstanding as a commitment. Skanska US Building Inc. contracted for up to \$11.6 million to provide CM/GC Construction services for the Airport terminal building. As of June 30, 2024, \$11.3 million remained outstanding as a commitment.
- **Police**
 - Public Safety Facility – The City executed a design contract with FFA Architecture Interiors Inc on December 14, 2022, for an amount not to exceed \$3.5 million. As of June 30, 2024, \$0.5 million remained outstanding as a commitment. The City executed a construction contract with LCG Pence on June 17, 2024, for an amount not to exceed \$38.2 million. As of June 30, 2024, \$32.1 million remained outstanding as a commitment.

The City is also committed under various other financial contracts and agreements on June 30, 2024. Some major contracts include:

- On June 8th, 2024, the City of Redmond pledged \$750,000 to the Central Oregon Intergovernmental Council towards its CORE3 project. The amount is dedicated toward the development/construction of 21st street. As of June 30, 2024, the full balance remained as a commitment.

E. Subsequent Events

In August 2024, the City executed a contract for infrastructure development at Northpoint Vista in an amount not to exceed \$2.0 million to deChase Miksis Development. The project scope is anticipated to be completed before June 2025.

In August 2024, the City executed a contract for storage systems at the Public Safety facility in an amount not to exceed \$0.7 million to Spacesaver Specialists Inc. The project is anticipated to be completed upon completion of the Public Safety Facility.

In September 2024, the City Council approved a resolution declaring the City's official intent to reimburse certain expenditures from \$90 million proceeds of tax-exempt obligations, in relation to the Airport Terminal Expansion project.

In August 2024, the Federal Aviation Administration granted \$1.3 million for airport development to the City of Redmond. The grant will be used in the Airport Terminal Expansion project.

In November 2024, the State of Oregon, through its Connect Oregon program managed by Oregon Department of Transportation, granted \$10 million toward the City's Airport Terminal Expansion project.

F. Tax Abatement Disclosures

GASB 77, *Tax Abatement Disclosures* became effective for those periods beginning after December 15, 2015. The City participates in a number of property tax abatement programs. All such abatement programs are authorized by Oregon revised statutes or by local resolution or ordinance. Some programs are initiated by the City and others by other local governments and state agencies.

City Initiated – Enterprise Zones

The City of Redmond enters into property tax abatement agreements with local business under the Greater Redmond Area Enterprise Zone (Zone) authorized by Oregon Statute 285C.175. The Zone was established in 1988, renewed in 1998, and reconfigured in 2009 to include the City of Sisters. The Zone was renewed again in 2020 and now included the annexed of Department of State Lands (DSL) Land southeast of Highway 97.

There are three main incentives: standard, extended and super. For the standard 3-year property tax exemption, the business needs to invest \$50,000 or more in new property or equipment and increase full time, permanent employment by 1 new job or 10%, whichever is greater in the first year. There is no minimum compensation requirement at this level.

Some projects which meet the standard exemption may also qualify for the extended incentive program which adds an additional two years of tax exemption if the average compensation per employee is at least 150% of the 2021 Deschutes County average annual wage of \$52,962 which may include non-mandatory benefits, overtime and profit sharing.

If the business invests \$12.5 million, increases full-time, permanent employment by 50 within three years and meets the average compensation per employee as outlined above, the business would qualify for a seven to fifteen-year tax abatement super incentive.

The City has ten standard and four extended incentive contracts with brewers, food processors, manufacturers and freight carriers for which the City's abated tax portion is estimated to be \$216,328 for fiscal year ended June 30, 2024.

Additional benefits available to new businesses are: 1) a 2% reduction in building permit fees for every new full time equivalent job created, up to a 25% maximum; 2) expedited permitting process for E-Zone projects; 3) waiver of water and sewer hookup fees; 4) waiver of 50% of land use fees for businesses that meet the 150% salary and benefit threshold of regional median income; 5) waiver of 25% of land use fees for businesses that do not meet the 150% threshold; 6) a 1% reduction in System Development Charges (SDCs) for every new job created up to 25%; 7) a 25% reduction in monthly water and sewer user charges for each FTE created, up to 25%; and 8) waiver of \$200 application fee.

City Partially Initiated – Housing for Low Income Rental

The City of Redmond enters into property tax abatement agreements with housing developers authorized by Oregon Statute 307.515 to 307.523. The abatements are typically used to incentivize the development of specific kinds of housing that are needed in a community. Jurisdictions representing at least 51% of the taxes abated must approve of these abatements in advance. Properties under this program must be rented to low-income individuals. The City's abated tax portion is estimated to be \$121,018 for fiscal year ended June 30, 2024.

Non-City Initiated

As the amount of taxes abated by other entities during the fiscal year ended June 30, 2024 is immaterial, no additional disclosure has been made.

G. Fund structure

Major Funds – Governmental

General – accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenues are property taxes and revenues from other governmental agencies. Expenditures are primarily for general government operations and culture and recreation. The activities of the Police and Engineering have also been combined with the General Fund for external financial reporting.

Transportation – accounts for revenues received from state gasoline taxes apportioned from the State of Oregon and charges for services from other funds based on full cost allocation. Expenditures are related to construction, maintenance, purchase and repair of City streets and vehicles.

Downtown Urban Renewal Development – accounts for investment interest income, rental and miscellaneous income, and activities relating to community development projects.

Capital Projects – The Capital Projects fund accounts for revenues received from grants, interfund transfers, investment income, capital-related debt issuances, and activities relating to the build-out of significant capital projects outside of the enterprise funds.

Major Funds – Proprietary – Enterprise

Water – fees and charges for services for the operation, maintenance, and capital improvements of the City's water utility system.

Wastewater – fees and charges for services for the operation, maintenance and capital improvements of the City's wastewater utility system.

Municipal Airport – activity associated with the operations and capital improvements of the City's municipal airport.

Stormwater – the City separated stormwater activities that were previously reported as an item as part of the Wastewater Fund into its own Stormwater Fund.

Nonmajor Governmental Funds

Special Revenue Funds

Parks Fund -- The Parks fund accounts for revenues from transfers, grants, and system development charges and expenditures for the operations, maintenance, and improvement of City Parks and tennis courts, as well as the maintenance of the City's public facilities. This now includes the cemetery facilities and services which are partially self-supporting through service charges to customers.

Community Development – fees and charges for services for planning, building safety, education, and public services.

Capital Projects Funds

South Hwy 97 Urban Renewal Development – accounts for services and construction costs for the development of the South Hwy 97 Urban Renewal District which was established in the fiscal year ended June 30, 2022.

Debt Service Funds

Downtown Urban Renewal – collection of property taxes for debt service on bonds related to the Downtown Urban Renewal District.

South Hwy 97 Urban Renewal Debt Service – accounts for the accumulation of resources and payments for long-term debt related to the South Hwy 97 Urban Renewal District.

Debt Service – accounts for payment of general obligation bond principal and interest.

Nonmajor - Proprietary - Enterprise

Municipal Golf – fees and charges for services for the operation, maintenance, and capital improvements of the City's municipal golf course.

H. GASB Pronouncements

It is the City's policy to implement new GASB pronouncements no later than the required effective date. Upcoming pronouncements which may have an effect on the City are listed below:

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, was issued in June 2022. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. GASB Statement No. 100 was implemented by the City for fiscal year ending June 30, 2024.

Implementation for the City resulted in a zero net restatement for the City, but it did have current year impacts from a change in major funds, and a prior period restatement.

I. Prior Period Adjustments

The City's major governmental funds changed from the prior year and the Parks Fund and Community Development Fund were reclassified to non-major funds. There was also an error correction for the governmental funds and governmental activities increasing beginning net position by \$224,145. Management discovered that some deferred inflows in the prior year were reported based on the gross receivable instead of the net receivable after the allowance for doubtful accounts and corrected the amounts in the current year. A tabular presentation of the changes is as follows:

	June 30, 2023 as previously reported	Change within the accounting entity	Error correction	June 30, 2023 as restated
Net Position: Government-wide Statements				
Governmental Activities	\$ 184,651,775	\$ -	\$ -	\$ 184,651,775
Business-type Activities	285,288,918	-	-	285,288,918
Total primary government	<u>\$ 469,940,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,940,693</u>
Fund Balance: Governmental Funds				
Major funds	\$ 97,842,699	\$ (13,343,322)	\$ -	\$ 84,499,377
Nonmajor funds	1,084,304	13,343,322	224,145	14,651,771
Total governmental funds	<u>\$ 98,927,003</u>	<u>\$ -</u>	<u>\$ 224,145</u>	<u>\$ 99,151,148</u>
Fund Net Position: Enterprise Funds				
Major funds	\$ 280,836,863	\$ -	\$ -	\$ 280,836,863
Nonmajor funds	4,452,052	-	-	4,452,052
Total enterprise funds	<u>\$ 285,288,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,288,915</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REDMOND, OREGON
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF TOTAL PENSION LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the total pension liability (asset)	0.1628%	0.1486%	0.1409%	0.1304%	0.1292%	0.1223%	0.1124%	0.1104%	0.1090%	0.1032%
City's proportionate share of the total pension liability (asset) (in thousands)	\$ 30,502	\$ 22,753	\$ 16,861	\$ 28,450	\$ 22,355	\$ 18,530	\$ 15,146	\$ 16,573	\$ 6,257	\$ (2,339)
City's covered payroll (in thousands)	\$ 17,581	\$ 15,560	\$ 14,734	\$ 14,206	\$ 12,518	\$ 11,845	\$ 11,378	\$ 10,321	\$ 9,390	\$ 9,058
City's proportionate share of the total pension liability (asset) as a percentage of its covered payroll	173.50%	146.22%	114.44%	200.27%	178.58%	156.44%	133.11%	160.58%	66.63%	-25.82%
Plan fiduciary net position as a percentage of the total pension liability	81.70%	84.55%	87.60%	75.79%	80.23%	82.07%	83.12%	80.50%	91.10%	103.60%

CITY OF REDMOND, OREGON
SCHEDULE OF CITY'S CONTRIBUTIONS TO THE
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions (in thousands)	\$ 5,502	\$ 4,681	\$ 4,170	\$ 3,612	\$ 3,536	\$ 2,452	\$ 2,172	\$ 1,640	\$ 1,538	\$ 1,469
Contributions in relation to the contractually required contributions (in thousands)	(5,502)	(4,681)	(4,170)	(3,612)	(3,536)	(2,452)	(2,172)	(1,640)	(1,538)	(1,469)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 19,457	\$ 17,581	\$ 15,560	\$ 14,734	\$ 14,206	\$ 12,518	\$ 11,845	\$ 11,378	\$ 10,321	\$ 9,390
Contributions as a percentage of covered payroll	28.28%	26.62%	26.80%	24.51%	24.89%	19.59%	18.33%	14.41%	14.90%	15.64%

CITY OF REDMOND, OREGON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF TOTAL OPEB LIABILITY (ASSET)

OPERS RETIREMENT HEALTH INSURANCE ACCOUNT

Last 10 Fiscal Years*

Measurement Date June 30,	(a) City's proportion of the total OPEB liability (asset)	(b) City's proportionate share of the total OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.06709009%	\$ (245,661)	\$ 17,580,617	-1.40%	201.60%
2022	0.08139555%	\$ (289,228)	\$ 15,560,192	-1.86%	194.66%
2021	0.08953193%	\$ (307,453)	\$ 14,734,241	-2.09%	183.90%
2020	0.08389447%	\$ (170,944)	\$ 14,205,882	-1.20%	150.07%
2019	0.11366993%	\$ (219,651)	\$ 12,518,240	-1.75%	144.36%
2018	0.11068641%	\$ (123,556)	\$ 11,844,547	-1.04%	124.00%
2017	0.10925293%	\$ (45,596)	\$ 11,378,291	-0.40%	108.88%
2016	0.10543413%	\$ 28,632	\$ 10,320,998	0.28%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF REDMOND, OREGON
SCHEDULE OF CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions (in thousands)	\$ 0	\$ 1	\$ 2	\$ 2	\$ 6	\$ 56	\$ 54	\$ 54
Contributions in relation to the contractually required contributions	(0)	(1)	(2)	(2)	(6)	(56)	(54)	(54)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll (in thousands)	\$ 19,457	\$ 17,581	\$ 15,560	\$ 14,734	\$ 14,206	\$ 12,518	\$ 11,845	\$ 11,378
Contributions as a percentage of covered payroll	0.00%	0.01%	0.01%	0.02%	0.04%	0.45%	0.45%	0.48%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

CITY OF REDMOND, OREGON
SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

(in thousands)

Year Ended June 30,	Service cost	Interest	Economic/ demographic gains or losses	Changes of assumptions	Benefit payments	City's Net change in total OPEB liability	City's total OPEB liability - Beginning	City's total OPEB liability - Ending	City's covered employee payroll	City's total OPEB liability as a percentage of payroll
2024	\$ 110	\$ 54	\$ -	\$ (14)	\$ (102)	\$ 47	\$ 1,467	\$ 1,514	\$ 19,457	7.8%
2023	114	28	115	33	(35)	255	1,211	1,467	17,581	8.3%
2022	110	27	-	6	(66)	77	1,134	1,211	15,560	7.8%
2021	67	33	(12)	195	(37)	246	888	1,134	14,734	7.7%
2020	60	33	-	30	(47)	76	812	888	14,206	6.3%
2019	73	39	(60)	(240)	(61)	(248)	1,060	812	12,518	6.5%
2018	78	32	-	(74)	(65)	(29)	1,089	1,060	11,845	9.0%
2017	-	-	-	-	-	-	-	1,089	11,378	9.6%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.



CITY OF REDMOND, OREGON

CITY OF REDMOND, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

A. Net Pension Liability (Asset)

Changes in Benefit Terms

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions of future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contributions rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning 2021, annual salary in excess of \$197,730 (as indexed in future years) will be excluded when determining member benefits. As a result, Tier 1/Tier 2 and OPSRP benefits for certain active members are not projected to be lower than prior to the legislation and was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 30, 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective measurement dates.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the health mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay. The PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% (reduced from 7.20%) on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40% respectively. In addition, the

healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

B. Other Post-Employment Benefits

Changes in Benefit Terms

There were no significant changes in benefit terms for Other Post-Employment Benefits.

Changes of Assumptions

There were no significant changes in assumptions for the RHIA Other Post-Employment Benefits except for the PERS changes described above. The RHIA OPEB valuation is tied to the PERS system, contributions, and assumptions.

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2024 reporting date is 3.65%, which increased from 3.54% from 2023.

SUPPLEMENTAL INFORMATION



CITY OF REDMOND, OREGON

COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds – These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are restricted to expenditures for specified purposes. Funds included in this category are:

- *Parks Fund* – The Parks fund accounts for revenues from transfers, grants, and system development charges and expenditures for the operations, maintenance, and improvement of City Parks and tennis courts, as well as the maintenance of the City's public facilities. This now includes the cemetery facilities and services which are partially self-supporting through service charges to customers.
- *Community Development Fund* – The Community Development Fund accounts for fees and charges for services for planning, building safety, education, and public services.

Debt Service Funds – These funds account for revenues and expenditures related to the servicing of general long-term debt. Funds included in this category are:

- *Downtown Urban Renewal Debt Service Fund* – The Downtown Urban Renewal Debt Service Fund accounts for the accumulation of resources and payments for long-term debt related to the Downtown Urban Renewal District.
- *South Hwy 97 Urban Renewal Debt Service Fund* – The South Hwy 97 Urban Renewal Debt Service Fund accounts for the accumulation of resources and payments for long-term debt related to the South Hwy 97 Urban Renewal District.
- *Debt Service Fund* – The Debt Service Fund accounts for payment of general obligation bond principal and interest.

Capital Projects Funds – These funds account for expenditures on major construction projects. Funds included in this category are:

- *South Hwy 97 Urban Renewal Development Fund* – The South Hwy 97 Urban Renewal Development Fund accounts for services and construction costs for the development of the South Hwy 97 Urban Renewal District.

**CITY OF REDMOND, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	Special Revenue		Debt Service			Capital Projects	Totals
	Parks	Community Development	Downtown Urban Renewal Debt Service	South Hwy 97 Urban Renewal Debt Service	Debt Service	South Hwy 97 Urban Renewal Capital Projects	
ASSETS							
Cash and cash equivalents	\$ 677,927	\$ 650,596	\$ 440,812	\$ 242,831	\$ 20,641	\$ 1,090,768	\$ 3,123,575
Investments	7,408,856	7,103,602	-	-	225,578	-	14,738,036
Receivables:							
Property taxes	-	-	66,298	14,047	36,695	-	117,040
Intergovernmental	-	3,867	-	-	-	-	3,867
Accounts	4,126	11,273	-	-	-	-	15,399
Notes	7,923	313,847	-	-	-	-	321,770
Prepaid items	24,249	3,110	-	-	11,348	-	38,707
Total assets	\$ 8,123,081	\$ 8,086,295	\$ 507,110	\$ 256,878	\$ 294,262	\$ 1,090,768	\$ 18,358,394
LIABILITIES							
Accounts payable and accrued liabilities	\$ 408,678	\$ 235,207	\$ -	\$ -	\$ -	\$ 10,503	\$ 654,388
Deposits	2,250	-	-	-	-	-	2,250
Total liabilities	410,928	235,207	-	-	-	10,503	656,638
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	7,923	325,120	49,148	10,374	27,581	-	420,146
FUND BALANCES							
Restricted	6,760,296	6,518,178	457,962	246,504	266,681	1,080,265	15,329,886
Assigned	943,934	1,007,790	-	-	-	-	1,951,724
Total fund balances	7,704,230	7,525,968	457,962	246,504	266,681	1,080,265	17,281,610
Total liabilities, deferred inflows of resources and fund balances	\$ 8,123,081	\$ 8,086,295	\$ 507,110	\$ 256,878	\$ 294,262	\$ 1,090,768	\$ 18,358,394

See auditor's report.

CITY OF REDMOND, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Special Revenue		Debt Service			Capital Projects	Totals
	Parks	Community Development	Downtown Urban Renewal Debt Service	South Hwy 97 Urban Renewal Debt Service	Debt Service	South Hwy 97 Urban Renewal Capital Projects	
REVENUES							
Property taxes	\$ -	\$ -	\$ 3,139,963	\$ 887,600	\$ 2,107,934	\$ -	\$ 6,135,497
Licenses and permits	-	2,274,969	-	-	-	-	2,274,969
Charges for services	1,663,222	2,019,650	-	-	-	-	3,682,872
Intergovernmental	-	150,433	-	-	-	-	150,433
System development charges	1,333,326	-	-	-	-	-	1,333,326
Rental income	1	-	-	-	-	-	1
Interest on investments	347,283	338,310	85,012	34,779	42,958	4,903	853,245
Miscellaneous	2,460	24,943	-	-	-	-	27,403
TOTAL REVENUES	<u>3,346,292</u>	<u>4,808,305</u>	<u>3,224,975</u>	<u>922,379</u>	<u>2,150,892</u>	<u>4,903</u>	<u>14,457,746</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	244	-	244
Culture and recreation	4,794,023	-	-	-	-	-	4,794,023
Community development	-	4,751,712	750	-	-	74,441	4,826,903
Capital outlay	894,241	52,743	-	-	-	-	946,984
Debt service	-	2,148	2,197,831	-	2,146,250	-	4,346,229
TOTAL EXPENDITURES	<u>5,688,264</u>	<u>4,806,603</u>	<u>2,198,581</u>	<u>-</u>	<u>2,146,494</u>	<u>74,441</u>	<u>14,914,383</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,341,972)</u>	<u>1,702</u>	<u>1,026,394</u>	<u>922,379</u>	<u>4,398</u>	<u>(69,538)</u>	<u>(456,637)</u>
OTHER FINANCING SOURCES (USES)							
Sale of property	4,877	3,605	-	-	-	-	8,482
Transfers in	3,125,468	869,051	-	-	-	887,460	4,881,979
Transfers out	-	-	(916,525)	(887,460)	-	-	(1,803,985)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,130,345</u>	<u>872,656</u>	<u>(916,525)</u>	<u>(887,460)</u>	<u>-</u>	<u>887,460</u>	<u>3,086,476</u>
SPECIAL ITEM							
NET CHANGE IN FUND BALANCE	788,373	874,358	109,869	34,919	4,398	817,922	2,629,839
FUND BALANCE, Beginning, as restated	<u>6,915,857</u>	<u>6,651,610</u>	<u>348,093</u>	<u>211,585</u>	<u>262,283</u>	<u>262,343</u>	<u>14,651,771</u>
FUND BALANCE, Ending	<u>\$ 7,704,230</u>	<u>\$ 7,525,968</u>	<u>\$ 457,962</u>	<u>\$ 246,504</u>	<u>\$ 266,681</u>	<u>\$ 1,080,265</u>	<u>\$ 17,281,610</u>

See auditor's report.



CITY OF REDMOND, OREGON

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (currently only the Transportation fund) are presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

CITY OF REDMOND, OREGON
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY APPROPRIATION LEVEL
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES AND TRANSFERS				
Central Services (OU)	\$ 6,101,529	\$ 6,101,529	\$ 5,667,687	\$ 433,842
Information Technology (OU)	2,495,149	2,495,149	1,950,910	544,239
Engineering (OU)	2,547,069	2,547,069	2,299,609	247,460
Police (OU)	14,551,584	14,671,584	14,642,309	29,275
Other Materials & Services	826,814	826,814	757,268	69,546
Debt Service	371,750	371,750	371,748	2
Transfers	24,507,740	24,627,740	21,045,023	3,582,717
Contingency	2,615,574	2,615,574	-	2,615,574
TOTAL EXPENDITURES AND TRANSFERS	\$ 54,017,209	\$ 54,257,209	\$ 46,734,554	\$ 7,522,655

See auditor's report.

BUDGETARY COMPARISON SCHEDULES

Governmental Funds

Governmental Budgetary Comparison schedules included the following:

- **Special Revenue Funds**
 - Parks Fund
 - Community Development Fund
- **Debt Service Funds**
 - Downtown Urban Renewal Debt Service Fund
 - South Hwy 97 Urban Renewal Debt Service Fund
 - Debt Service Fund
- **Capital Project Funds**
 - Downtown Urban Renewal Development Fund
 - South Hwy 97 Urban Renewal Development Fund
 - Capital Projects Fund

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PARKS FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,679,195	\$ 1,679,195	\$ 1,663,222	\$ (15,973)
System development charges	2,196,042	2,196,042	1,333,326	(862,716)
Rental income	-	-	1	1
Interest on investments	188,800	188,800	323,354	134,554
Miscellaneous	-	-	2,460	2,460
TOTAL REVENUES	<u>4,064,037</u>	<u>4,064,037</u>	<u>3,322,363</u>	<u>(741,674)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personnel services	2,449,824	2,449,824	2,376,849	72,975
Materials and services	2,483,328	2,483,328	2,417,174	66,154
Capital outlay	3,860,000	3,860,000	894,241	2,965,759
Contingency	527,133	527,133	-	527,133
TOTAL EXPENDITURES	<u>9,320,285</u>	<u>9,320,285</u>	<u>5,688,264</u>	<u>3,632,021</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,256,248)</u>	<u>(5,256,248)</u>	<u>(2,365,901)</u>	<u>2,890,347</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	4,877	4,877
Transfers in	3,125,468	3,125,468	3,125,468	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,125,468</u>	<u>3,125,468</u>	<u>3,130,345</u>	<u>4,877</u>
NET CHANGE IN FUND BALANCE	(2,130,780)	(2,130,780)	764,444	2,895,224
BUDGETARY FUND BALANCE, Beginning	<u>5,773,033</u>	<u>5,773,033</u>	<u>6,972,790</u>	<u>1,199,757</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 3,642,253</u>	<u>\$ 3,642,253</u>	7,737,234	<u>\$ 4,094,981</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			<u>(33,004)</u>	
GAAP FUND BALANCE			<u>\$ 7,704,230</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 1,783,209	\$ 1,783,209	\$ 2,274,969	\$ 491,760
Charges for services	1,587,067	1,587,067	2,019,650	432,583
Intergovernmental	356,073	356,073	150,433	(205,640)
Interest on investments	205,200	205,200	314,828	109,628
Miscellaneous	51,000	51,000	24,943	(26,057)
TOTAL REVENUES	<u>3,982,549</u>	<u>3,982,549</u>	<u>4,784,823</u>	<u>802,274</u>
EXPENDITURES				
Current:				
Community development:				
Personnel services	3,939,451	3,939,451	3,225,626	713,825
Materials and services	1,880,063	1,880,063	1,528,234	351,829
Capital outlay	71,000	71,000	52,743	18,257
Contingency	894,703	894,703	-	894,703
TOTAL EXPENDITURES	<u>6,785,217</u>	<u>6,785,217</u>	<u>4,806,603</u>	<u>1,978,614</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,802,668)</u>	<u>(2,802,668)</u>	<u>(21,780)</u>	<u>2,780,888</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,605	3,605
Transfers in	869,051	869,051	869,051	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>869,051</u>	<u>869,051</u>	<u>872,656</u>	<u>3,605</u>
NET CHANGE IN FUND BALANCE	<u>(1,933,617)</u>	<u>(1,933,617)</u>	<u>850,876</u>	<u>2,784,493</u>
BUDGETARY FUND BALANCE, Beginning, as restated	<u>5,771,165</u>	<u>5,771,165</u>	<u>6,706,720</u>	<u>935,555</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 3,837,548</u>	<u>\$ 3,837,548</u>	<u>7,557,596</u>	<u>\$ 3,720,048</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			<u>(31,628)</u>	
GAAP FUND BALANCE			<u>\$7,525,968</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DOWNTOWN URBAN RENEWAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,099,356	\$ 3,099,356	\$ 3,139,963	\$ 40,607
Interest on investments	14,000	14,000	84,129	70,129
TOTAL REVENUES	<u>3,113,356</u>	<u>3,113,356</u>	<u>3,224,092</u>	<u>110,736</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	3,000	3,000	750	2,250
Debt service	<u>2,197,831</u>	<u>2,197,831</u>	<u>2,197,831</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,200,831</u>	<u>2,200,831</u>	<u>2,198,581</u>	<u>2,250</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>912,525</u>	<u>912,525</u>	<u>1,025,511</u>	<u>112,986</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(916,525)</u>	<u>(916,525)</u>	<u>(916,525)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(916,525)</u>	<u>(916,525)</u>	<u>(916,525)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,000)	(4,000)	108,986	112,986
BUDGETARY FUND BALANCE, Beginning	<u>341,000</u>	<u>341,000</u>	<u>350,776</u>	<u>9,776</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 337,000</u>	<u>\$ 337,000</u>	459,762	<u>\$ 122,762</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			<u>(1,800)</u>	
GAAP FUND BALANCE			<u>\$ 457,962</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOUTH HWY 97 URBAN RENEWAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 680,460	\$ 680,460	\$ 887,600	\$ 207,140
Interest on investments	8,000	8,000	34,083	26,083
TOTAL REVENUES	<u>688,460</u>	<u>688,460</u>	<u>921,683</u>	<u>233,223</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>688,460</u>	<u>688,460</u>	<u>921,683</u>	<u>233,223</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(887,460)</u>	<u>(887,460)</u>	<u>(887,460)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(887,460)</u>	<u>(887,460)</u>	<u>(887,460)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(199,000)	(199,000)	34,223	233,223
BUDGETARY FUND BALANCE, Beginning	<u>199,000</u>	<u>199,000</u>	<u>213,272</u>	<u>14,272</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	247,495	<u>\$ 247,495</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			<u>(991)</u>	
GAAP FUND BALANCE			<u>\$ 246,504</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,089,770	\$ 2,089,770	\$ 2,107,934	\$ 18,164
Interest on investments	8,080	8,080	42,012	33,932
TOTAL REVENUES	<u>2,097,850</u>	<u>2,097,850</u>	<u>2,149,946</u>	<u>52,096</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	650	650	244	406
Debt service	<u>2,146,250</u>	<u>2,146,250</u>	<u>2,146,250</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,146,900</u>	<u>2,146,900</u>	<u>2,146,494</u>	<u>406</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(49,050)</u>	<u>(49,050)</u>	<u>3,452</u>	<u>52,502</u>
NET CHANGE IN FUND BALANCE	(49,050)	(49,050)	3,452	52,502
FUND BALANCE, Beginning	<u>242,000</u>	<u>242,000</u>	<u>264,234</u>	<u>22,234</u>
FUND BALANCE, Ending	<u>\$ 192,950</u>	<u>\$ 192,950</u>	267,686	<u>\$ 74,736</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			<u>(1,005)</u>	
GAAP FUND BALANCE			<u>\$ 266,681</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DOWNTOWN URBAN RENEWAL DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Loan repayments	\$ 15,000	\$ 15,000	\$ 187,535	\$ 172,535
Interest on investments	130,000	130,000	417,799	287,799
TOTAL REVENUES	<u>145,000</u>	<u>145,000</u>	<u>605,334</u>	<u>460,334</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	2,340,419	2,340,419	1,012,140	1,328,279
Capital outlay	4,295,500	4,295,500	33,311	4,262,189
TOTAL EXPENDITURES	<u>6,635,919</u>	<u>6,635,919</u>	<u>1,045,451</u>	<u>5,590,468</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,490,919)</u>	<u>(6,490,919)</u>	<u>(440,117)</u>	<u>6,050,802</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	916,525	916,525	916,525	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>916,525</u>	<u>916,525</u>	<u>916,525</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(5,574,394)	(5,574,394)	476,408	6,050,802
BUDGETARY FUND BALANCE, Beginning	<u>5,930,000</u>	<u>5,930,000</u>	<u>8,180,338</u>	<u>2,250,338</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 355,606</u>	<u>\$ 355,606</u>	8,656,746	<u>\$ 8,301,140</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Assets held for sale			233,878	
Investment fair market value adjustment			<u>(35,267)</u>	
GAAP FUND BALANCE			<u>\$ 8,855,357</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOUTH HWY 97 URBAN RENEWAL DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 16,000	\$ 16,000	\$ 7,244	\$ (8,756)
TOTAL REVENUES	<u>16,000</u>	<u>16,000</u>	<u>7,244</u>	<u>(8,756)</u>
EXPENDITURES				
Current:				
Community development:				
Materials and services	<u>107,022</u>	<u>107,022</u>	<u>74,441</u>	<u>32,581</u>
TOTAL EXPENDITURES	<u>107,022</u>	<u>107,022</u>	<u>74,441</u>	<u>32,581</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(91,022)</u>	<u>(91,022)</u>	<u>(67,197)</u>	<u>23,825</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>887,460</u>	<u>887,460</u>	<u>887,460</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>887,460</u>	<u>887,460</u>	<u>887,460</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	796,438	796,438	820,263	23,825
BUDGETARY FUND BALANCE, Beginning	<u>205,000</u>	<u>205,000</u>	<u>264,454</u>	<u>59,454</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 1,001,438</u>	<u>\$ 1,001,438</u>	1,084,717	<u>\$ 83,279</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			<u>(4,452)</u>	
GAAP FUND BALANCE			<u>\$ 1,080,265</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250,000	\$ 3,960,495	\$ 3,575,652	\$ (384,843)
Contributions	-	-	54,940	54,940
Interest on investments	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,131,915</u>	<u>51,915</u>
TOTAL REVENUES	<u>1,330,000</u>	<u>5,040,495</u>	<u>4,762,507</u>	<u>(277,988)</u>
EXPENDITURES				
Current:				
Materials and services	300,000	300,000	76,265	223,735
Capital outlay	<u>11,675,000</u>	<u>12,385,495</u>	<u>10,689,368</u>	<u>1,696,127</u>
TOTAL EXPENDITURES	<u>11,975,000</u>	<u>12,685,495</u>	<u>10,765,633</u>	<u>1,919,862</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,645,000)</u>	<u>(7,645,000)</u>	<u>(6,003,126)</u>	<u>1,641,874</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,582,717	3,582,717	-	(3,582,717)
Transfers out	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,582,717</u>	<u>582,717</u>	<u>(3,000,000)</u>	<u>(3,582,717)</u>
NET CHANGE IN FUND BALANCE	(7,062,283)	(7,062,283)	(9,003,126)	(1,940,843)
BUDGETARY FUND BALANCE, Beginning	<u>43,279,190</u>	<u>43,279,190</u>	<u>43,635,999</u>	<u>356,809</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 36,216,907</u>	<u>\$ 36,216,907</u>	34,632,873	<u>\$ (1,584,034)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Assets held for sale			7,076,726	
Investment fair market value adjustment			<u>(140,610)</u>	
GAAP FUND BALANCE			<u>\$ 41,568,989</u>	

See auditor's report.



CITY OF REDMOND, OREGON

BUDGETARY COMPARISON SCHEDULES

Proprietary Funds

Proprietary Budgetary Comparison schedules included the following:

- **Enterprise Funds**
 - Stormwater Fund
 - Water Fund
 - Wastewater Fund
 - Municipal Airport Fund
 - Municipal Golf Fund

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,709,997	\$ 1,709,997	\$ 1,709,472	\$ (525)
Interest on investments	24,000	24,000	47,986	23,986
Miscellaneous	-	-	20,214	20,214
TOTAL REVENUES	<u>1,733,997</u>	<u>1,733,997</u>	<u>1,777,672</u>	<u>43,675</u>
EXPENDITURES				
Current:				
Personnel services	508,533	508,533	455,658	52,875
Materials and services	842,341	842,341	808,723	33,618
Capital outlay	664,000	664,000	155,600	508,400
Contingency	222,061	222,061	-	222,061
TOTAL EXPENDITURES	<u>2,236,935</u>	<u>2,236,935</u>	<u>1,419,981</u>	<u>816,954</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(502,938)</u>	<u>(502,938)</u>	<u>357,691</u>	<u>860,629</u>
NET CHANGE IN FUND BALANCE	(502,938)	(502,938)	357,691	860,629
BUDGETARY FUND BALANCE, Beginning	<u>850,000</u>	<u>850,000</u>	<u>915,476</u>	<u>65,476</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 347,062</u>	<u>\$ 347,062</u>	1,273,167	<u>\$ 926,105</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			(5,183)	
Lease assets, net			821	
Capital assets, net of depreciation			18,842,557	
Net OPEB asset			3,318	
Deferred outflows - pensions			165,817	
Deferred outflows - OPEB			4,502	
Deferred inflows - pensions			(32,914)	
Deferred inflows - OPEB			(1,866)	
Compensated absences			(23,197)	
Net pension liability			(411,944)	
Other post employment benefits liability			(17,206)	
Lease liabilities			(871)	
NET POSITION, Ending			<u>\$ 19,797,001</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 8,132,278	\$ 8,132,278	\$ 8,097,328	\$ (34,950)
Intergovernmental	1,700,000	1,700,000	813,827	(886,173)
System development charges	1,605,364	1,605,364	1,648,412	43,048
Rental income	30,396	30,396	36,258	5,862
Interest on investments	301,200	301,200	432,269	131,069
Miscellaneous	77,000	77,000	117,197	40,197
TOTAL REVENUES	<u>11,846,238</u>	<u>11,846,238</u>	<u>11,145,291</u>	<u>(700,947)</u>
EXPENDITURES				
Current:				
Personnel services	1,630,997	1,630,997	1,631,922	(925)
Materials and services	4,567,909	4,567,909	4,215,097	352,812
Capital outlay	3,501,000	3,501,000	2,555,327	945,673
Debt service	1,173,796	1,173,796	1,173,794	2
Contingency	977,305	977,305	-	977,305
TOTAL EXPENDITURES	<u>11,851,007</u>	<u>11,851,007</u>	<u>9,576,140</u>	<u>2,274,867</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,769)</u>	<u>(4,769)</u>	<u>1,569,151</u>	<u>1,573,920</u>
NET CHANGE IN FUND BALANCE	(4,769)	(4,769)	1,569,151	1,573,920
BUGETARY FUND BALANCE, Beginning	<u>7,418,000</u>	<u>7,418,000</u>	<u>8,078,898</u>	<u>660,898</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 7,413,231</u>	<u>\$ 7,413,231</u>	<u>9,648,049</u>	<u>\$ 2,234,818</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			(37,292)	
Capital assets, net of depreciation			71,354,349	
SBITA assets, net			8,027	
Deferred amount on refunding			(83,034)	
Lease receivables			682,311	
Net OPEB asset			11,405	
Inventory			238,338	
Deferred outflows - pensions			570,022	
Deferred outflows - OPEB			20,483	
Deferred inflows - pensions			(113,152)	
Deferred inflows - OPEB			(8,544)	
Deferred inflows - lease receivables			(645,031)	
Bond premium costs			(1,323,001)	
Accrued interest payable			(64,499)	
Compensated absences			(80,620)	
Net pension liability			(1,416,126)	
Other post employment benefits liability			(80,163)	
Long-term debt			<u>(10,441,696)</u>	
NET POSITION, Ending			<u>\$ 68,239,826</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 7,247,083	\$ 7,247,083	\$ 7,167,660	\$ (79,423)
Intergovernmental	982,000	982,000	2,154,485	1,172,485
System development charges	1,340,743	1,340,743	1,113,025	(227,718)
Rental income	-	-	51,099	51,099
Interest on investments	520,000	520,000	668,906	148,906
Miscellaneous	2,500	2,500	202,761	200,261
TOTAL REVENUES	<u>10,092,326</u>	<u>10,092,326</u>	<u>11,357,936</u>	<u>1,265,610</u>
EXPENDITURES				
Current:				
Personnel services	1,791,494	1,791,494	1,624,912	166,582
Materials and services	4,750,593	4,750,593	4,588,685	161,908
Capital outlay	22,192,000	22,192,000	1,979,772	20,212,228
Debt service	1,099,292	1,099,292	1,099,284	8
Contingency	962,078	962,078	-	962,078
TOTAL EXPENDITURES	<u>30,795,457</u>	<u>30,795,457</u>	<u>9,292,653</u>	<u>21,502,804</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(20,703,131)</u>	<u>(20,703,131)</u>	<u>2,065,283</u>	<u>22,768,414</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	15,583	15,583
Issuance of debt	19,731,000	19,731,000	897,488	(18,833,512)
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,731,000</u>	<u>19,731,000</u>	<u>913,071</u>	<u>(18,817,929)</u>
NET CHANGE IN FUND BALANCE	(972,131)	(972,131)	2,978,354	3,950,485
BUDGETARY FUND BALANCE, Beginning	<u>13,931,575</u>	<u>13,931,575</u>	<u>14,998,062</u>	<u>1,066,487</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 12,959,444</u>	<u>\$ 12,959,444</u>	17,976,416	<u>\$ 5,016,972</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			(64,974)	
Capital assets, net of depreciation			58,813,803	
Lease assets, net			3,283	
SBITA assets, net			7,410	
Net OPEB asset			11,185	
Deferred outflows - pensions			559,005	
Deferred outflows - OPEB			19,084	
Deferred inflows - pensions			(110,966)	
Deferred inflows - OPEB			(7,950)	
Bond premium costs			(159,067)	
Accrued interest payable			(125,792)	
Compensated absences			(82,753)	
Net pension liability			(1,388,756)	
Other post employment benefits liability			(74,400)	
Lease liabilities			(3,486)	
Long-term debt			(14,869,342)	
NET POSITION, Ending			<u>\$ 60,502,700</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUNICIPAL AIRPORT FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Franchise fees	\$ 6,500	\$ 6,500	\$ 10,181	\$ 3,681
Charges for services	12,653,768	12,653,768	12,873,375	219,607
Customer facility charges	565,440	565,440	596,274	30,834
Passenger facility charges	2,104,345	2,104,345	2,246,559	142,214
Intergovernmental	10,491,968	10,491,968	2,602,844	(7,889,124)
Contributions	3,600	3,600	6,371	2,771
Rental income	4,559,661	4,559,661	4,717,868	158,207
Interest on investments	1,392,000	1,392,000	1,968,710	576,710
Miscellaneous	84,950	84,950	252,683	167,733
TOTAL REVENUES	<u>31,862,232</u>	<u>31,862,232</u>	<u>25,274,865</u>	<u>(6,587,367)</u>
EXPENDITURES				
Current:				
Personnel services	4,491,876	4,491,876	4,569,725	(77,849)
Materials and services	7,219,061	7,219,061	6,910,625	308,436
Capital outlay	22,757,017	22,757,017	6,339,370	16,417,647
Debt service	3,469,072	3,469,072	3,422,706	46,366
Contingency	1,924,675	1,924,675	-	1,924,675
TOTAL EXPENDITURES	<u>39,861,701</u>	<u>39,861,701</u>	<u>21,242,426</u>	<u>18,619,275</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(7,999,469)</u>	<u>(7,999,469)</u>	<u>4,032,439</u>	<u>12,031,908</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	23,050	23,050
Payments to bond escrow agent to refund debt	-	(567,000)	(567,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(567,000)</u>	<u>(543,950)</u>	<u>23,050</u>
NET CHANGE IN FUND BALANCE	(7,999,469)	(8,566,469)	3,488,489	12,054,958
BUDGETARY FUND BALANCE, Beginning	<u>40,025,000</u>	<u>40,025,000</u>	<u>42,634,776</u>	<u>2,609,776</u>
BUDGETARY FUND BALANCE, Ending	<u>\$ 32,025,531</u>	<u>\$ 31,458,531</u>	46,123,265	<u>\$ 14,664,734</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			(183,726)	
Capital assets, net of depreciation			139,013,514	
Lease assets, net			24,189	
SBITA assets, net			127,270	
Net OPEB asset			28,199	
Lease receivables			5,170,097	
Deferred outflows - pensions			1,409,336	
Deferred outflows - OPEB			54,788	
Deferred amount on refunding			148,583	
Deferred inflows - pensions			(279,760)	
Deferred inflows - OPEB			(22,887)	
Deferred inflows - lease receivables			(4,989,423)	
Bond premium costs			(2,611,157)	
Accrued interest payable			(97,406)	
Compensated absences			(259,295)	
Net pension liability			(3,501,262)	
Other post employment benefits liability			(215,591)	
Lease liabilities			(24,893)	
SBITA liabilities			(89,530)	
Long-term debt			<u>(25,468,439)</u>	
NET POSITION, Ending			<u>\$ 154,355,872</u>	

See auditor's report.

CITY OF REDMOND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUNICIPAL GOLF FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 2,668,651	\$ 2,668,651	\$ 2,571,657	\$ (96,994)
Interest on investments	13,200	13,200	14,630	1,430
TOTAL REVENUES	<u>2,681,851</u>	<u>2,681,851</u>	<u>2,586,287</u>	<u>(95,564)</u>
EXPENDITURES				
Current:				
Materials and services	2,465,165	2,465,165	2,707,572	(242,407)
Capital outlay	258,000	258,000	150,085	107,915
Debt service	399,923	399,923	399,917	6
Contingency	392,082	392,082	-	392,082
TOTAL EXPENDITURES	<u>3,515,170</u>	<u>3,515,170</u>	<u>3,257,574</u>	<u>257,596</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(833,319)</u>	<u>(833,319)</u>	<u>(671,287)</u>	<u>162,032</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	451,519	451,519	451,519	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>451,519</u>	<u>451,519</u>	<u>451,519</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(381,800)	(381,800)	(219,768)	162,032
BUDGETARY FUND BALANCE, Beginning	413,000	413,000	347,161	(65,839)
BUDGETARY FUND BALANCE, Ending	<u>\$ 31,200</u>	<u>\$ 31,200</u>	127,393	<u>\$ 96,193</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Investment fair market value adjustment			(938)	
Capital assets, net of depreciation			7,043,131	
Inventory			108,042	
Deferred amount on refunding			(54,765)	
Accrued interest payable			(5,382)	
Long-term debt			<u>(2,755,443)</u>	
NET POSITION, Ending			<u>\$ 4,462,038</u>	

See auditor's report.

OTHER FINANCIAL SCHEDULES

CITY OF REDMOND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the Fiscal Year Ended June 30, 2024

	Balances July 1, 2023	2023-24 Levy	Adjustments	Interest (Discount)	Collections	Balances June 30, 2024
City General						
2023-24	\$ -	\$ 13,803,435	\$ (13,536)	\$ (359,872)	\$ 13,283,922	\$ 146,105
2022-23	118,052	-	(430)	3,224	71,223	49,623
2021-22	47,582	-	(322)	2,374	21,201	28,433
2020-21	23,270	-	(172)	2,973	17,982	8,089
2019-20	7,772	-	(151)	1,228	6,595	2,254
2018-19	1,811	-	(87)	148	554	1,318
2017-18	991	-	(31)	76	252	784
2016-17	546	-	(30)	16	50	482
2015-16	(795)	-	(30)	40	117	(902)
2014-15	554	-	(15)	68	183	424
2013-14	279	-	(25)	11	27	238
2012-13	191	-	(23)	33	79	122
Prior years	3,217	-	(59)	148	326	2,980
	<u>\$ 203,470</u>	<u>\$ 13,803,435</u>	<u>\$ (14,911)</u>	<u>\$ (349,533)</u>	<u>\$ 13,402,511</u>	<u>\$ 239,950</u>
City Bond						
2023-24	\$ -	\$ 2,177,190	\$ (2,136)	\$ (56,761)	\$ 2,095,248	23,045
2022-23	20,905	-	(75)	571	12,613	8,788
2021-22	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2017-18	12	-	-	-	3	9
2016-17	9	-	-	-	1	8
2015-16	(14)	-	-	-	2	(16)
2014-15	9	-	-	1	3	7
2013-14	6	-	-	-	1	5
2012-13	3	-	-	-	1	2
Prior years	(553)	-	1	-	5	(557)
	<u>\$ 20,377</u>	<u>\$ 2,177,190</u>	<u>\$ (2,210)</u>	<u>\$ (56,189)</u>	<u>\$ 2,107,877</u>	<u>\$ 31,291</u>
Urban Renewal Agency						
2023-24	\$ -	\$ 4,149,301	\$ (4,069)	\$ (108,176)	\$ 3,993,137	\$ 43,919
2022-23	32,498	-	(120)	888	19,606	13,660
2021-22	12,185	-	(83)	608	5,429	7,281
2020-21	7,536	-	(56)	963	5,825	2,618
2019-20	2,538	-	(49)	402	2,155	736
2018-19	608	-	(29)	50	185	444
2017-18	325	-	(10)	25	83	257
2016-17	191	-	(9)	6	18	170
2015-16	(240)	-	(9)	12	35	(272)
2014-15	165	-	(4)	20	55	126
2013-14	84	-	(8)	3	8	71
2012-13	63	-	(7)	11	26	41
Prior years	418	-	153	38	84	525
	<u>\$ 56,371</u>	<u>\$ 4,149,301</u>	<u>\$ (4,300)</u>	<u>\$ (105,150)</u>	<u>\$ 4,026,646</u>	<u>\$ 69,576</u>
Total	<u>\$ 280,218</u>	<u>\$ 20,129,926</u>	<u>\$ (21,421)</u>	<u>\$ (510,872)</u>	<u>\$ 19,537,034</u>	<u>\$ 340,817</u>
			30-day turnover			57,500
			Less allowance in government-wide basis			(1,784)
			Total taxes receivable at June 30, 2023			<u>\$ 396,533</u>

CITY OF REDMOND, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL
AND INTEREST TRANSACTIONS
For the fiscal year ended June 30, 2024

	Date of Issue	Interest Rate	Original Amount	Principal			Outstanding 6/30/2024	Interest Matured and Paid
				Outstanding 7/1/2023	FY 24 Issued	Matured and Paid		
Governmental Funds:								
Bonds payable								
OECD Transportation Refunding	04/07/22	2.30%	\$ 475,000	\$ 399,000	\$ -	\$ 74,000	\$ 325,000	\$ 9,193
Urban Renewal 2014A	04/08/14	4.0-4.25%	11,955,000	10,850,000	-	1,145,000	9,705,000	504,425
City Hall Series 2015A/ 247937000	07/21/15	2.0-4.0%	6,535,000	5,350,000	-	155,000	5,195,000	214,000
2022 Public Safety Facility GO Bond	08/17/22	2.75%	34,265,000	33,625,000	-	465,000	33,160,000	1,681,250
Limited Tax Issuances:								
Urban Renewal 2023	02/07/23	5.83%	6,079,000	6,079,000	-	194,000	5,885,000	354,406
Contracts, Loans, and Notes Payable:								
ESPC - 2014A	11/14/14	3.07%	30,682	19,015	-	2,181	16,834	567
Governmental Funds Total:			\$ 59,339,682	\$ 56,322,015	\$ -	\$ 2,035,181	\$ 54,286,834	\$ 2,763,841
Enterprise Funds:								
Water Fund								
Bonds Payable								
Reservoir #6 Series 2015A/ 247937000	07/21/15	2.0-4.0%	\$ 2,880,000	\$ 1,940,000	\$ -	\$ 130,000	\$ 1,810,000	\$ 77,600
B1-Water Supply Facility	03/28/19	4.0-5.0%	9,340,000	8,155,000	-	350,000	7,805,000	404,250
OECD Water Refunding	04/07/22	2.3%	1,114,000	936,000	-	179,000	757,000	21,565
Contracts, Loans, and Notes Payable								
ESPC - 2014A	11/14/14	3.07%	127,029	78,727	-	9,031	69,696	2,348
			13,461,029	11,109,727	-	668,031	10,441,696	505,763
Waste Water Fund								
Bonds Payable								
USDA 2000 Refi Series 2016B/ 255428000	03/15/16	2.0-4.0%	\$ 3,080,000	\$ 1,720,000	\$ -	\$ 225,000	\$ 1,495,000	\$ 64,300
Contracts, Loans, and Notes Payable								
WWTP Loan R76072 (68%)	06/30/04	2.94%	7,206,394	2,559,687	-	309,798	2,249,889	72,994
WWTP Loan R76072 (32%)	07/01/04	2.94%	2,229,600	1,204,559	-	145,788	1,058,771	34,350
ESPC - 2014A	11/14/14	3.07%	61,143	37,893	-	4,347	33,546	1,130
CWSRF Loan	07/29/16	1.00%	7,129,250	5,331,987	-	188,729	5,143,258	52,849
WWTP Loan R76074	06/30/21	1.24%	6,400,000	3,991,390	897,488	-	4,888,878	-
			26,106,387	14,845,516	897,488	873,662	14,869,342	225,623
Airport Fund								
Bonds Payable								
Airport Parking Refi Series 2015B/ 271451000	10/13/15	2.0-4.0%	\$ 2,205,000	\$ 750,000	\$ -	\$ 240,000	\$ 510,000	\$ 25,200
COIDC Series 2016A/ 239431000	03/15/16	2.1-4.05%	2,500,000	1,800,000	-	115,000	1,685,000	65,750
A-2009 Refunding	03/28/19	4.0-5.0%	14,330,000	10,695,000	-	1,030,000	9,665,000	524,450
B1-Snow Removal Equipment Airport Building	03/28/19	4.0-5.0%	7,300,000	7,300,000	-	-	7,300,000	365,000
B-2 Airport Parking Lot Expansion	03/28/19	3.00%	2,915,000	1,520,000	-	395,000	1,125,000	45,600
C Airport Quick Turn Around	03/28/19	2.67-4.01%	5,845,000	4,990,000	-	240,000	4,750,000	184,534
Contracts, Loans, and Notes Payable								
Forest Service Bldg. - Series 2007	11/01/07	7.77%	2,500,000	685,146	-	685,146	-	3,263
ESPC - 2014A	11/14/14	3.07%	485,148	300,675	-	34,489	266,186	8,968
ESPC - 2014B	11/14/14	3.07%	304,836	188,924	-	21,671	167,253	5,635
			38,384,984	28,229,745	-	2,761,306	25,468,439	1,228,400
Golf Fund								
Bonds Payable								
Juniper Construction Refunding	04/07/22	2.30%	\$ 179,000	\$ 126,000	\$ -	\$ 51,000	\$ 75,000	\$ 2,903
Juniper Golf Course Refunding	04/07/22	2.30%	3,157,000	2,902,000	-	265,000	2,637,000	66,862
Contracts, Loans, and Notes Payable								
ESPC - 2014A	11/14/14	3.07%	62,488	38,727	-	4,442	34,285	1,155
Golf Sprayer Loan	08/02/20	2.01%	39,992	17,434	-	8,276	9,158	279
			3,438,480	3,084,161	-	328,718	2,755,443	71,199
Enterprise Funds Total:			\$ 81,390,880	\$ 57,269,149	\$ 897,488	\$ 4,631,717	\$ 53,534,920	\$ 2,030,985
Combined Funds Total:			\$ 140,730,562	\$ 113,591,164	\$ 897,488	\$ 6,666,898	\$ 107,821,754	\$ 4,794,826

**CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE GENERAL
BONDED DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2024**

Year of Maturity	Totals		City Hall		Transportation Refunding		Urban Renewal 2014A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024-25	\$ 2,252,000	\$ 2,667,509	\$ 160,000	\$ 207,800	\$ 78,000	\$ 7,488	\$ 1,195,000	\$ 451,125
2025-26	2,432,000	2,556,877	170,000	201,400	81,000	5,691	1,255,000	391,375
2026-27	2,620,000	2,437,326	175,000	194,600	79,000	3,825	1,320,000	328,625
2027-28	2,828,000	2,308,289	185,000	187,600	87,000	2,004	1,385,000	262,625
2028-29	2,949,000	2,169,042	190,000	180,200	-	-	1,455,000	193,375
2029-30	3,166,000	2,032,255	200,000	172,600	-	-	1,515,000	131,538
2030-31	3,387,000	1,885,027	205,000	164,600	-	-	1,580,000	67,150
2031-32	2,172,000	1,727,153	215,000	156,400	-	-	-	-
2032-33	2,366,000	1,616,578	225,000	147,800	-	-	-	-
2033-34	2,567,000	1,496,162	230,000	138,800	-	-	-	-
2034-35	2,789,000	1,365,489	240,000	129,600	-	-	-	-
2035-36	3,024,000	1,223,551	250,000	120,000	-	-	-	-
2036-37	3,270,000	1,069,671	260,000	110,000	-	-	-	-
2037-38	3,533,000	903,293	270,000	99,600	-	-	-	-
2038-39	3,075,000	723,550	280,000	88,800	-	-	-	-
2039-40	3,330,000	572,600	295,000	77,600	-	-	-	-
2040-41	3,600,000	409,050	305,000	65,800	-	-	-	-
2041-42	3,885,000	232,100	315,000	53,600	-	-	-	-
2042-43	330,000	41,000	330,000	41,000	-	-	-	-
2043-44	340,000	27,800	340,000	27,800	-	-	-	-
2044-45	355,000	14,200	355,000	14,200	-	-	-	-
	<u>\$ 54,270,000</u>	<u>\$ 27,478,523</u>	<u>\$ 5,195,000</u>	<u>\$ 2,579,800</u>	<u>\$ 325,000</u>	<u>\$ 19,008</u>	<u>\$ 9,705,000</u>	<u>\$ 1,825,813</u>

Public Safety Facility		Limited Tax Urban Renewal 2023	
Principal	Interest	Principal	Interest
\$ 610,000	\$ 1,658,000	\$ 209,000	\$ 343,096
705,000	1,627,500	221,000	330,911
815,000	1,592,250	231,000	318,027
925,000	1,551,500	246,000	304,559
1,045,000	1,505,250	259,000	290,217
1,175,000	1,453,000	276,000	275,118
1,310,000	1,394,250	292,000	259,027
1,460,000	1,328,750	497,000	242,003
1,615,000	1,255,750	526,000	213,028
1,780,000	1,175,000	557,000	182,362
1,960,000	1,086,000	589,000	149,889
2,150,000	988,000	624,000	115,551
2,350,000	880,500	660,000	79,171
2,565,000	763,000	698,000	40,693
2,795,000	634,750	-	-
3,035,000	495,000	-	-
3,295,000	343,250	-	-
3,570,000	178,500	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 33,160,000</u>	<u>\$ 19,910,250</u>	<u>\$ 5,885,000</u>	<u>\$ 3,143,653</u>

**CITY OF REDMOND, OREGON
 SCHEDULE OF FUTURE NOTE PAYABLE
 DEBT REQUIREMENT
 GOVERNMENTAL FUNDS
 June 30, 2024**

Year of Maturity	ESPC - 2014A	
	Principal	Interest
2024-25	\$ 2,346	\$ 499
2025-26	2,519	425
2026-27	2,699	347
2027-28	2,889	263
2029-30	3,087	172
2030-31	3,294	76
	<u>\$ 16,834</u>	<u>\$ 1,782</u>

CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
WATER FUND
June 30, 2024

Year of Maturity	Total		Water Refunding		Reservoir #6		Series 2019-B1 Water Supply Facility Full Faith and Credit	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024-25	\$ 676,000	\$ 480,091	\$ 181,000	\$ 17,441	\$ 135,000	\$ 72,400	\$ 360,000	\$ 390,250
2025-26	708,000	452,521	188,000	13,271	140,000	67,000	380,000	372,250
2026-27	739,000	423,590	194,000	8,940	145,000	61,400	400,000	353,250
2027-28	764,000	393,320	194,000	4,470	150,000	55,600	420,000	333,250
2028-29	595,000	361,850	-	-	155,000	49,600	440,000	312,250
2029-30	625,000	333,650	-	-	165,000	43,400	460,000	290,250
2030-31	655,000	304,050	-	-	170,000	36,800	485,000	267,250
2031-32	685,000	273,000	-	-	175,000	30,000	510,000	243,000
2032-33	720,000	240,500	-	-	185,000	23,000	535,000	217,500
2033-34	750,000	206,350	-	-	190,000	15,600	560,000	190,750
2034-35	790,000	170,750	-	-	200,000	8,000	590,000	162,750
2035-36	620,000	133,250	-	-	-	-	620,000	133,250
2036-37	650,000	102,250	-	-	-	-	650,000	102,250
2037-38	680,000	69,750	-	-	-	-	680,000	69,750
2038-39	715,000	35,750	-	-	-	-	715,000	35,750
	<u>\$ 10,372,000</u>	<u>\$ 3,980,672</u>	<u>\$ 757,000</u>	<u>\$ 44,122</u>	<u>\$ 1,810,000</u>	<u>\$ 462,800</u>	<u>\$ 7,805,000</u>	<u>\$ 3,473,750</u>

CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENT
WATER FUND
June 30, 2024

Year of Maturity	ESPC - 2014A	
	Principal	Interest
2024-25	\$ 9,712	\$ 2,066
2025-26	10,427	1,762
2026-27	11,175	1,436
2027-28	11,960	1,087
2029-30	12,781	714
2030-31	13,641	315
	\$ 69,696	\$ 7,380

CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
WASTEWATER FUND
June 30, 2024

Year of Maturity	Sewer Bonds	
	Principal	Interest
2024-25	\$ 235,000	\$ 55,100
2025-26	245,000	45,500
2026-27	255,000	35,500
2027-28	265,000	25,100
2028-29	275,000	14,300
2029-30	220,000	4,400
	<u>\$ 1,495,000</u>	<u>\$ 179,900</u>

CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE CONTRACTS, LOANS, AND
NOTES PAYABLE DEBT REQUIREMENTS
WASTEWATER FUND
June 30, 2024

Year of Maturity	Contracts, Loans, and Notes Payable		WWTP Loan R76072	
	Totals		Principal	Interest and Fees
	Principal	Interest and Fees		
2024-25	\$ 664,374	\$ 145,803	\$ 469,078	\$ 93,852
2025-26	680,521	129,854	482,970	79,960
2026-27	697,114	113,464	497,274	65,656
2027-28	714,170	96,618	512,001	50,929
2028-29	731,698	79,306	527,165	35,765
2029-30	749,710	61,515	542,777	20,153
2030-31	479,773	43,278	277,395	4,078
2031-32	204,406	37,172	-	-
2032-33	206,456	35,122	-	-
2033-34	208,526	33,052	-	-
2034-35	210,616	30,962	-	-
2035-36	212,727	28,851	-	-
2036-37	214,860	26,718	-	-
2037-38	217,014	24,564	-	-
2038-39	219,190	22,388	-	-
2039-40	221,387	20,191	-	-
2040-41	223,606	17,972	-	-
2041-42	225,848	15,730	-	-
2042-43	228,113	13,465	-	-
2043-44	230,399	11,179	-	-
2044-45	232,709	8,859	-	-
2045-46	235,042	6,536	-	-
2046-47	237,398	4,180	-	-
2047-48	239,807	1,800	-	-
	<u>\$ 8,485,464</u>	<u>\$ 1,008,579</u>	<u>\$ 3,308,660</u>	<u>\$ 350,393</u>

ESPC - 2014A		CWSRF Loan R76073	
Principal	Interest and Fees	Principal	Interest and Fees
\$ 4,675	\$ 994	\$ 190,621	\$ 50,957
5,019	848	192,532	49,046
5,379	691	194,461	47,117
5,757	523	196,412	45,166
6,152	344	198,381	43,197
6,564	153	200,369	41,209
-	-	202,378	39,200
-	-	204,406	37,172
-	-	206,456	35,122
-	-	208,526	33,052
-	-	210,616	30,962
-	-	212,727	28,851
-	-	214,860	26,718
-	-	217,014	24,564
-	-	219,190	22,388
-	-	221,387	20,191
-	-	223,606	17,972
-	-	225,848	15,730
-	-	228,113	13,465
-	-	230,399	11,179
-	-	232,709	8,859
-	-	235,042	6,536
-	-	237,398	4,180
-	-	239,807	1,800
<u>\$ 33,546</u>	<u>\$ 3,553</u>	<u>\$ 5,143,258</u>	<u>\$ 654,633</u>

CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
AIRPORT FUND
June 30, 2024

Year of Maturity	Bonds Payable		Airport Parking Refi		COIDC	
	Totals		Series 2015B		Series 2016A	
	Principal	Interest	Principal	Interest	Principal	Interest
2024-25	\$ 2,095,000	\$ 1,137,238	\$ 250,000	\$ 15,400	\$ 115,000	\$ 62,358
2025-26	2,185,000	1,049,927	260,000	5,200	120,000	58,965
2026-27	2,005,000	963,978	-	-	125,000	55,425
2027-28	2,090,000	875,910	-	-	130,000	50,988
2028-29	2,180,000	777,531	-	-	130,000	46,373
2029-30	2,295,000	674,530	-	-	135,000	41,758
2030-31	2,395,000	565,852	-	-	140,000	36,965
2031-32	1,660,000	452,089	-	-	145,000	31,995
2032-33	1,315,000	374,339	-	-	150,000	26,123
2033-34	1,100,000	313,878	-	-	160,000	20,048
2034-35	1,150,000	264,012	-	-	165,000	13,568
2035-36	1,195,000	211,534	-	-	170,000	6,885
2036-37	1,075,000	156,952	-	-	-	-
2037-38	1,120,000	106,903	-	-	-	-
2038-39	1,175,000	54,752	-	-	-	-
	<u>\$ 25,035,000</u>	<u>\$ 7,979,425</u>	<u>\$ 510,000</u>	<u>\$ 20,600</u>	<u>\$ 1,685,000</u>	<u>\$ 451,451</u>

Series 2019A Full Faith and Credit		Series 2019B-1 Snow Removal Equipment Full Faith and Credit		Series 2019B-2 (AMT) Full Faith and Credit		Series 2019C (Taxable) Full Faith and Credit	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,075,000	\$ 483,250	\$ -	\$ 365,000	\$ 410,000	\$ 33,750	\$ 245,000	\$ 177,480
1,130,000	429,500	-	365,000	420,000	21,450	255,000	169,812
1,185,000	373,000	140,000	365,000	295,000	8,850	260,000	161,703
1,240,000	313,750	450,000	358,000	-	-	270,000	153,172
1,300,000	251,750	470,000	335,500	-	-	280,000	143,908
1,375,000	186,750	495,000	312,000	-	-	290,000	134,022
1,435,000	118,000	520,000	287,250	-	-	300,000	123,637
660,000	46,250	545,000	261,250	-	-	310,000	112,594
265,000	13,250	575,000	234,000	-	-	325,000	100,966
-	-	605,000	205,250	-	-	335,000	88,580
-	-	635,000	175,000	-	-	350,000	75,444
-	-	665,000	143,250	-	-	360,000	61,399
-	-	700,000	110,000	-	-	375,000	46,952
-	-	730,000	75,000	-	-	390,000	31,903
-	-	770,000	38,500	-	-	405,000	16,252
<u>\$ 9,665,000</u>	<u>\$ 2,215,500</u>	<u>\$ 7,300,000</u>	<u>\$ 3,630,000</u>	<u>\$ 1,125,000</u>	<u>\$ 64,050</u>	<u>\$ 4,750,000</u>	<u>\$ 1,597,824</u>

**CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE CONTRACTS, LOANS, AND
NOTES PAYABLE DEBT REQUIREMENTS
AIRPORT FUND
June 30, 2024**

Year of Maturity	Total		ESPC - 2014A		ESPC - 2014B	
	Principal	Interest	Principal	Interest	Principal	Interest
2024-25	\$ 60,400	\$ 12,846	\$ 37,093	\$ 7,889	\$ 23,307	\$ 4,957
2025-26	64,843	10,959	39,821	6,730	25,022	4,229
2026-27	69,499	8,933	42,681	5,486	26,818	3,447
2027-28	74,377	6,761	45,677	4,152	28,700	2,609
2028-29	79,486	4,439	48,814	2,726	30,672	1,713
2029-30	84,834	1,959	52,100	1,203	32,734	756
	<u>\$ 433,439</u>	<u>\$ 45,897</u>	<u>\$ 266,186</u>	<u>\$ 28,186</u>	<u>\$ 167,253</u>	<u>\$ 17,711</u>

CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
GOLF COURSE FUND
June 30, 2024

Year of Maturity	Bonds Payable		Juniper Golf Course		Construction Loan Refunding	
	Totals		2012A Golf Refunding		Principal	Interest
	Principal	Interest	Principal	Interest		
2024-25	\$ 317,000	\$ 62,484	\$ 267,000	\$ 60,756	\$ 50,000	\$ 1,728
2025-26	298,000	55,181	273,000	54,605	25,000	576
2026-27	281,000	48,309	281,000	48,309	-	-
2027-28	285,000	41,841	285,000	41,841	-	-
2028-29	292,000	35,274	292,000	35,274	-	-
2029-30	299,000	28,547	299,000	28,547	-	-
2030-31	305,000	21,658	305,000	21,658	-	-
2031-32	312,000	14,630	312,000	14,630	-	-
2032-33	323,000	7,442	323,000	7,442	-	-
	<u>\$ 2,712,000</u>	<u>\$ 315,366</u>	<u>\$ 2,637,000</u>	<u>\$ 313,062</u>	<u>\$ 75,000</u>	<u>\$ 2,304</u>

**CITY OF REDMOND, OREGON
SCHEDULE OF FUTURE CONTRACTS, LOANS, AND
NOTES PAYABLE DEBT REQUIREMENTS
GOLF COURSE
June 30, 2024**

Year of Maturity	Total		ESPC - 2014A		Golf Sprayer Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024-25	\$ 13,936	\$ 1,126	\$ 4,778	\$ 1,016	\$ 9,158	\$ 110
2025-26	5,129	867	5,129	867	-	-
2026-27	5,497	706	5,497	706	-	-
2027-28	5,883	535	5,883	535	-	-
2028-29	6,287	351	6,287	351	-	-
2029-30	6,711	155	6,711	155	-	-
	<u>\$ 43,443</u>	<u>\$ 3,740</u>	<u>\$ 34,285</u>	<u>\$ 3,630</u>	<u>\$ 9,158</u>	<u>\$ 110</u>

STATISTICAL SECTION



CITY OF REDMOND, OREGON

STATISTICAL SECTION

This section provides further details as a framework for a better understanding of the financial statements.

Financial Trends

- These schedules contain trend information to help the reader understand how financial performance has changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity

- These schedules present 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.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

- These schedules contain 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.

Sources: The information in these schedules is derived from the annual comprehensive financial reports for the relevant year, unless otherwise noted.

CITY OF REDMOND, OREGON
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year (in thousands)				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets	\$ 90,483	\$ 91,846	\$ 90,168	\$ 98,387	\$ 104,363
Restricted	9,594	13,411	14,604	16,987	20,521
Unrestricted	10,740	6,109	6,501	4,435	3,130
Total governmental activities net position	<u>\$ 110,817</u>	<u>\$ 111,366</u>	<u>\$ 111,273</u>	<u>\$ 119,809</u>	<u>\$ 128,014</u>
Business-type activities					
Net investment in capital assets	\$ 133,179	\$ 142,660	\$ 152,079	\$ 161,477	\$ 177,497
Restricted	6,497	10,353	8,270	7,491	6,491
Unrestricted	10,424	11,007	12,387	16,784	18,361
Total business-type activities net position	<u>\$ 150,100</u>	<u>\$ 164,020</u>	<u>\$ 172,736</u>	<u>\$ 185,752</u>	<u>\$ 202,349</u>
Primary government					
Net investment in capital assets	\$ 223,662	\$ 234,506	\$ 242,247	\$ 259,864	\$ 281,859
Restricted	16,091	23,764	22,874	24,478	27,012
Unrestricted	21,164	17,116	18,888	21,219	21,491
Total primary government net position	<u>\$ 260,917</u>	<u>\$ 275,386</u>	<u>\$ 284,009</u>	<u>\$ 305,561</u>	<u>\$ 330,362</u>

	Fiscal Year (in thousands)				
	2020	2021	2022	2023	2024
Governmental activities					
Net investment in capital assets	\$ 110,913	\$ 118,361	\$ 125,666	\$ 150,669	\$ 161,716
Restricted	30,887	32,426	36,089	26,017	29,656
Unrestricted	447	56	6,791	7,966	17,405
Total governmental activities net position	<u>\$ 142,247</u>	<u>\$ 150,843</u>	<u>\$ 168,546</u>	<u>\$ 184,652</u>	<u>\$ 208,777</u>
Business-type activities					
Net investment in capital assets	\$ 193,310	\$ 200,117	\$ 209,624	\$ 228,098	\$ 241,316
Restricted	8,764	10,525	10,407	11,342	11,861
Unrestricted	23,010	28,257	42,667	45,848	54,180
Total business-type activities net position	<u>\$ 225,084</u>	<u>\$ 238,899</u>	<u>\$ 262,699</u>	<u>\$ 285,289</u>	<u>\$ 307,357</u>
Primary government					
Net investment in capital assets	\$ 304,223	\$ 318,478	\$ 335,290	\$ 378,767	\$ 403,032
Restricted	39,651	42,951	46,497	37,359	41,517
Unrestricted	23,457	28,313	49,458	53,814	71,585
Total primary government net position	<u>\$ 367,331</u>	<u>\$ 389,742</u>	<u>\$ 431,245</u>	<u>\$ 469,941</u>	<u>\$ 516,134</u>

CITY OF REDMOND, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 173	\$ 1,255	\$ 3,080	\$ 2,025	\$ 1,250	\$ 1,225	\$ 1,616	\$ 1,192	\$ 1,352	\$ 1,480
Public safety	5,778	9,646	8,594	8,994	9,626	11,302	11,393	11,288	12,305	14,925
Highways and streets	6,290	7,194	6,785	7,321	7,769	8,262	9,057	9,832	10,393	12,395
Culture and recreation	1,836	2,432	2,735	2,878	2,879	3,557	3,698	3,926	4,866	5,790
Community development	1,967	3,372	5,641	3,483	4,378	5,723	6,783	4,815	6,429	6,184
Engineering services	576	997	1,013	1,122	1,343	1,572	1,728	1,558	1,825	1,890
Interest on long-term debt	833	1,041	1,049	969	909	871	828	665	2,099	2,383
Total governmental activities expenses	17,453	25,937	28,897	26,792	28,153	32,511	35,103	33,275	39,270	45,047
Business-type activities:										
Stormwater	1,043	1,160	1,169	1,253	1,373	1,377	1,464	1,594	1,525	1,775
Water	4,248	4,973	4,926	5,562	6,304	7,273	7,304	6,818	7,486	8,190
Wastewater	4,402	5,126	4,983	5,104	5,742	6,639	6,530	6,740	7,018	8,037
Municipal airport	8,674	9,610	10,192	11,510	12,533	13,363	13,546	13,857	16,153	17,305
Municipal golf course	1,994	2,047	2,104	2,445	2,387	2,101	2,157	2,593	2,654	3,029
Total business-type activities expenses	20,361	22,916	23,374	25,874	28,339	30,753	31,001	31,602	34,837	38,336
Total primary government expenses	\$ 37,814	\$ 48,853	\$ 52,271	\$ 52,666	\$ 56,492	\$ 63,263	\$ 66,104	\$ 64,877	\$ 74,106	\$ 83,383
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 203	\$ 210	\$ 248	\$ 296	\$ 381	\$ 367	\$ 828	\$ 570	\$ 460	\$ 791
Public safety	330	300	302	252	321	586	393	436	421	480
Highways and streets	1,131	1,090	1,262	1,321	1,705	1,732	1,579	1,717	2,172	3,099
Culture and recreation	447	553	603	690	859	984	1,198	1,392	1,729	1,666
Community development	1,176	2,025	2,481	2,807	3,266	3,839	4,388	3,807	3,671	4,068
Engineering services	684	898	1,060	1,046	1,506	1,190	1,441	1,806	1,674	1,738
Operating grants and contributions	1,813	2,966	1,910	2,125	2,376	3,211	3,939	3,659	4,735	3,888
Capital grants and contributions	2,752	3,624	5,448	9,147	7,585	15,545	11,122	13,668	12,231	21,132
Total governmental activities program revenues	8,536	11,666	13,314	17,684	17,999	27,454	24,888	27,055	27,093	36,862
Business-type activities:										
Charges for services:										
Stormwater	1,075	1,137	1,183	1,253	1,347	1,450	1,511	1,551	1,645	1,730
Water	5,330	5,849	5,978	6,494	6,817	6,812	7,404	7,385	7,669	8,248
Wastewater	4,470	4,641	4,961	5,305	5,575	5,824	6,132	6,509	7,132	7,422
Municipal airport	6,406	6,923	7,949	9,848	11,519	10,683	8,959	13,667	15,020	17,720
Municipal golf course	1,591	1,627	1,737	1,927	1,954	1,734	2,024	2,406	2,362	2,572
Operating grants and contributions	-	45	100	41	-	4,211	5,692	6,939	2,100	77
Capital grants and contributions	5,051	15,984	9,144	13,149	16,246	21,006	12,211	16,383	19,249	18,238
Total business-type activities program revenues	23,923	36,206	31,052	38,017	43,458	51,719	43,933	54,840	55,176	56,005
Total primary government program revenues	\$ 32,459	\$ 47,872	\$ 44,366	\$ 55,701	\$ 61,458	\$ 79,173	\$ 68,821	\$ 81,894	\$ 82,270	\$ 92,867
Net (expense)/revenue										
Governmental activities	\$ (8,917)	\$ (14,271)	\$ (15,583)	\$ (9,108)	\$ (10,154)	\$ (5,057)	\$ (10,215)	\$ (6,221)	\$ (12,176)	\$ (8,185)
Business-type activities	3,562	13,290	7,678	12,143	15,119	20,967	12,932	23,238	20,340	17,669
Total primary government net expense	\$ (5,355)	\$ (981)	\$ (7,905)	\$ 3,035	\$ 4,965	\$ 15,910	\$ 2,717	\$ 17,018	\$ 8,163	\$ 9,484

CITY OF REDMOND, OREGON
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes for general purposes	\$ 7,325	\$ 7,672	\$ 8,036	\$ 8,683	\$ 9,207	\$ 10,130	\$ 10,798	\$ 11,897	\$ 12,711	\$ 13,433
Property taxes for debt service	2,319	2,444	2,954	2,965	3,085	3,308	3,498	3,048	5,739	6,154
Franchise and public service taxes	4,422	4,690	4,987	5,263	5,431	5,382	6,015	6,692	7,436	8,574
Interest and Investment earnings	199	280	321	524	1,112	916	291	-	2,666	4,894
Gain on disposals of assets	-	-	-	-	-	-	-	2,963	61	41
Miscellaneous	-	208	5	5	-	-	-	0	-	-
Transfers	(397)	(474)	(814)	(460)	(475)	(446)	(643)	(677)	(330)	(787)
Special items	-	-	-	-	-	-	(708)	-	-	-
Total governmental activities	13,868	14,820	15,489	16,980	18,359	19,291	19,251	23,923	28,282	32,310
Business-type activities:										
Interest and Investment earnings	101	156	224	350	1,002	1,323	240	(115)	1,920	3,613
Transfers	397	474	814	460	475	446	643	677	330	787
Total business-type activities	498	630	1,038	810	1,477	1,769	883	562	2,251	4,399
Total primary government	14,366	15,450	16,527	17,790	19,836	21,060	20,134	24,485	30,533	36,709
Change in Net Position										
Governmental activities	4,951	549	(94)	7,872	8,205	14,234	9,036	17,703	16,106	24,125
Business-type activities	4,060	13,920	8,716	12,953	16,596	22,735	13,815	23,800	22,590	22,069
Total primary government	\$ 9,011	\$ 14,469	\$ 8,622	\$ 20,825	\$ 24,801	\$ 36,969	\$ 22,851	\$ 41,503	\$ 38,696	\$ 46,193

CITY OF REDMOND, OREGON
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	(in thousands)				Total
	Property Tax	Franchise Tax	Transient Lodging Tax	Rental Car Tax	
2015	\$ 9,644	\$ 3,990	\$ 700	\$ -	\$ 14,334
2016	10,116	4,152	835	-	15,103
2017	10,990	4,391	872	-	16,253
2018	11,648	4,267	996	-	16,911
2019	12,291	4,364	1,067	-	17,722
2020	13,438	4,491	891	-	18,820
2021	14,296	4,884	1,131	-	20,311
2022	14,945	5,161	1,531	-	21,637
2023	18,450	5,775	1,661	-	25,886
2024	19,587	6,218	1,775	581	28,162

CITY OF REDMOND, OREGON
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year (in thousands)				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	\$ 14	\$ 64	\$ 53	\$ 28	\$ 31
Restricted	960	22	3	4	6
Assigned	2,557	1,680	1,834	1,667	2,632
Unassigned	3,221	2,161	2,207	2,389	1,690
Total General Fund	\$ 6,752	\$ 3,927	\$ 4,097	\$ 4,088	\$ 4,358

	Fiscal Year (in thousands)				
	2015	2016	2017	2018	2019
All other governmental funds					
Nonspendable	\$ 5	\$ 2,047	\$ 1,687	\$ -	\$ -
Restricted	20,372	24,192	20,730	23,166	24,555
Committed	-	-	-	-	-
Assigned	6,042	5,784	7,737	8,517	6,955
Total all other governmental funds	\$ 26,419	\$ 32,023	\$ 30,154	\$ 31,683	\$ 31,510

Total Governmental Funds	\$ 33,171	\$ 35,950	\$ 34,251	\$ 35,771	\$ 35,868
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	Fiscal Year (in thousands)				
	2020	2021	2022	2023	2024
General Fund					
Nonspendable	\$ 18	\$ 65	\$ 113	\$ 227	\$ 332
Restricted	52	135	77	234	194
Assigned	2,916	2,710	3,150	2,853	2,750
Unassigned	2,825	4,775	7,136	7,183	11,145
Total General Fund	\$ 5,811	\$ 7,686	\$ 10,476	\$ 10,497	\$ 14,421

	Fiscal Year (in thousands)				
	2020	2021	2022	2023	2024
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	26,974	27,058	28,253	75,764	78,650
Committed	-	-	-	-	581
Assigned	6,773	7,836	11,192	12,666	12,527
Unassigned	-	(249)	-	-	-
Total all other governmental funds	\$ 33,747	\$ 34,645	\$ 39,445	\$ 88,430	\$ 91,758

Total Governmental Funds	\$ 39,558	\$ 42,331	\$ 49,920	\$ 98,927	\$ 106,179
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CITY OF REDMOND, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year (in thousands)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 10,390	\$ 10,964	\$ 11,840	\$ 12,656	\$ 13,369	\$ 14,315	\$ 15,458	\$ 16,428	\$ 20,050	\$ 21,775
Franchise fees	3,039	3,151	3,336	3,419	3,505	3,540	3,805	4,035	4,568	4,954
Special assessments	51	94	170	169	82	51	82	71	1	154
Licenses and permits	956	1,767	2,158	2,354	2,043	2,305	2,726	2,305	1,960	2,309
Charges for services	2,306	2,596	3,011	3,237	5,225	5,425	6,514	6,568	7,131	8,711
Intergovernmental	3,050	3,858	6,234	3,666	3,419	6,093	5,686	7,503	6,488	9,773
Fines and forfeitures	141	188	172	176	184	161	132	134	159	132
System development charges	1,361	2,419	1,966	2,528	3,423	5,849	5,761	6,191	5,365	4,002
Rentals and leases	52	65	126	145	131	130	134	136	135	134
Investment earnings	199	277	318	524	1,114	869	228	(175)	2,577	4,785
Miscellaneous	746	613	954	547	592	572	387	1,173	831	8,231
Total revenues	22,291	25,992	30,285	29,421	33,086	39,311	40,914	44,369	49,265	64,960
Expenditures										
General government	588	606	1,021	530	550	485	793	641	582	312
Public safety	6,907	7,228	7,625	8,189	8,985	10,012	9,922	11,175	12,272	13,986
Highways and streets	4,633	4,578	4,611	5,070	5,294	5,553	5,968	6,983	7,232	9,234
Culture and recreation	1,590	1,840	2,155	2,269	2,334	2,676	2,847	3,335	4,035	4,794
Community development	2,201	3,114	5,440	3,324	4,338	8,925	7,020	7,105	6,466	5,839
Engineering services	679	770	911	1,024	1,213	1,367	1,479	1,630	1,770	1,818
Capital outlay	1,780	9,327	8,359	4,475	6,969	3,958	4,658	6,063	9,817	16,472
Debt service										
Principal	1,265	1,688	2,227	1,796	1,875	1,402	1,447	1,985	2,301	2,385
Interest	914	1,044	1,139	1,066	1,013	963	920	865	2,270	2,776
Special payment	-	-	-	-	-	-	1,081	-	-	-
Total expenditures	20,557	30,195	33,488	27,743	32,570	35,341	36,134	39,780	46,745	57,616
Excess of revenues over (under) expenditures	1,734	(4,203)	(3,203)	1,678	517	3,970	4,779	4,589	2,520	7,344
Other financing sources (uses)										
Debt proceeds	31	6,535	608	-	-	-	-	475	40,344	-
Bond premium	-	233	-	-	-	-	-	-	5,987	-
Payments to escrow for debt	-	-	-	-	-	-	-	(469)	-	-
Lease financing	-	-	-	-	-	-	-	170	394	91
Sale of property	71	673	1,344	302	56	166	8	3,226	91	45
Transfers in	11,420	12,978	13,665	14,433	15,816	15,460	14,793	22,536	27,062	25,397
Transfers out	(11,882)	(13,437)	(14,113)	(14,893)	(16,292)	(15,906)	(15,231)	(22,938)	(27,392)	(25,849)
Total other financing sources (uses)	(360)	6,982	1,504	(158)	(420)	(280)	(430)	3,001	46,486	(316)
Special items										
Refund of Property Taxes	-	-	-	-	-	-	(708)	-	-	-
Net change in fund balances	\$ 1,374	\$ 2,779	\$ (1,699)	\$ 1,520	\$ 97	\$ 3,689	\$ 3,642	\$ 7,590	\$ 49,006	\$ 7,028
Debt service as a percentage of noncapital expenditures	11.6%	13.1%	13.4%	12.3%	11.3%	7.5%	11.0%	8.5%	12.2%	12.5%

CITY OF REDMOND, OREGON
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>(in thousands)</u>				<u>Total</u>
	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Transient Lodging Tax</u>	<u>Rental Car Tax</u>	
2015	\$ 9,690	\$ 3,039	\$ 700	\$ -	\$ 13,429
2016	10,129	3,151	835	-	14,115
2017	10,968	3,336	872	-	15,176
2018	11,660	3,419	996	-	16,075
2019	12,302	3,505	1,067	-	16,874
2020	13,424	3,540	891	-	17,855
2021	14,342	3,805	1,116	-	19,263
2022	14,940	4,035	1,488	-	20,462
2023	18,404	4,568	1,645	-	24,618
2024	19,541	4,954	1,653	581	26,729

CITY OF REDMOND, OREGON
ASSESSED VALUES AND ESTIMATED REAL MARKET VALUES
OF TAXABLE PROPERTY (in thousands of dollars)
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Assessed Values			Estimated Real Market Values			Urban Renewal Info			Ratio of Total Assessed to Total Estimated Real Market Value
	Assessed Value of Real Property	Assessed Value of Personal Property	Total Assessed Value (in thousands)	Estimated Real Market Value of Real Property	Estimated Real Market Value of Personal Property	Estimated Real Market (1) (in thousands)	Urban Renewal Excess	AV Used to Calculate Rates (2)	Direct Rates	
2015	\$ 1,719,871	\$ 127,902	\$ 1,847,773	\$ 2,023,890	\$ 134,247	\$ 2,158,137	\$ 145,086	\$ 1,702,687	4.49	85.6%
2016	1,807,600	144,589	1,952,189	2,308,654	152,479	2,461,132	154,346	1,797,843	4.48	79.3%
2017	1,913,202	155,049	2,068,251	2,683,765	164,098	2,847,863	188,140	1,880,111	4.48	72.6%
2018	2,042,852	172,775	2,215,627	3,135,496	187,185	3,322,681	189,512	2,026,115	4.46	66.7%
2019	2,168,685	185,466	2,354,151	3,625,597	198,602	3,824,199	205,203	2,148,947	4.41	61.6%
2020	2,329,655	208,343	2,537,998	4,067,337	219,165	4,286,502	215,991	2,322,007	4.41	59.2%
2021	2,527,932	234,918	2,762,850	4,548,904	245,725	4,794,629	232,469	2,530,381	4.41	57.6%
2022	2,722,359	251,869	2,974,228	5,356,554	263,973	5,620,527	202,569	2,771,658	4.41	52.9%
2023	2,926,435	272,084	3,198,519	6,947,942	291,088	7,239,030	232,031	2,966,488	5.13	44.2%
2024	3,114,277	305,663	3,419,940	7,852,407	324,984	8,177,391	242,127	3,177,813	5.05	41.8%

Source:
Deschutes County Assessor's Office

Notes:
(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
(2) Assessed value of property in the City on which the lower rate is applied to derive ad valorem property taxes, excluding urban renewal and any other offsets. Calculated as Total Assessed Value less Urban Renewal Excess.

**CITY OF REDMOND, OREGON
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

Fiscal Year	CITY OF REDMOND, OREGON				Overlapping Rates							Total Direct & Overlapping Rates
	General Fund	Debt Service Fund	Urban Renewal	Total	Deschutes County RFPD #1	Deschutes County	School District 2J ¹	RAPRD ²	COCC ³	Other ⁴		
2014	\$ 4.41	\$ 0.09	\$ -	\$ 4.50	\$ 1.75	\$ 3.34	\$ 7.73	\$ 0.37	\$ 0.75	\$ -	\$ 18.44	
2015	4.41	0.08	-	4.49	1.75	3.30	7.77	0.37	0.74	-	18.42	
2016	4.41	0.07	-	4.48	1.75	3.36	7.65	0.37	0.74	-	18.36	
2017	4.41	0.07	-	4.48	1.75	3.35	7.70	0.37	0.74	-	18.39	
2018	4.41	0.05	-	4.46	1.75	3.20	7.58	0.37	0.74	-	18.10	
2019	4.41	-	-	4.41	1.75	3.24	7.51	0.37	0.73	-	18.01	
2020	4.41	-	-	4.41	1.75	3.24	7.43	0.37	0.73	-	17.93	
2021	4.41	-	-	4.41	2.02	3.24	7.43	0.37	0.73	-	18.20	
2022	4.41	-	-	4.41	2.02	3.20	7.34	0.37	0.72	0.44	18.51	
2023	4.41	0.72	-	5.13	2.02	3.20	7.40	0.37	0.70	0.34	19.16	
2024	4.41	0.64	-	5.05	2.02	3.46	7.39	0.92	0.70	0.31	19.85	

Source:

City of Redmond Budget Report/Property tax overview (Tax code 2001)

Notes:

*The table reflects billed rates that were levied each fiscal year by the entity identified

¹ School District 2J includes Redmond School District and High Desert Education Service District (ESD)

² RAPRD - Redmond Area Parks and Recreation District

³ COCC - Central Oregon Community College

⁴ Library Bond

**CITY OF REDMOND, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Prior**

Taxpayer	2024				2015			
	Rank	Taxable Assessed Valuation	Taxes Levied	Percent of Total Net Assessed Valuation	Rank	Taxable Assessed Valuation	Taxes Levied	Percent of Total Net Assessed Valuation
PCC Structurals Inc	1	\$ 47,675,520	\$ 898,026	1.39%	2	\$ 14,163,120	\$ 254,334	0.77%
Skywest Airlines	2	37,087,000	698,578	1.08%				0.00%
Redmond Pacific Associates LLC	3	29,485,520	585,187	0.86%				
United airlines Holdings Inc	4	30,800,600	580,166	0.90%		-	-	
Pacificorp (PP&L)	5	24,270,849	457,171	0.71%	3	13,404,000	240,702	0.73%
Wal-Mart Stores Inc	6	21,618,100	425,976	0.63%	1	16,019,080	294,177	0.87%
Apartment Options P2 LLC	7	19,778,820	392,534	0.58%				
Green Leaf Cypress LLC	8	18,812,460	373,363	0.55%				
Cascade Natural Gas Corp	9	15,902,745	299,547	0.47%	6	7,872,000	141,361	0.43%
Basx Inc	10	14,104,970	265,684	0.41%				
Fred Meyers Stores Inc					4	8,729,850	157,093	0.47%
Lowes HIW Inc					5	8,243,470	148,032	0.45%
New Towne Centre LLC					7	6,405,990	115,036	0.35%
Horizon Air Industries Inc					8	5,739,000	105,684	0.31%
Home Depot USA Inc					9	5,735,370	105,617	0.31%
Bend Cable Communications LLC					10	5,783,000	103,848	0.31%
		<u>\$ 259,536,584</u>	<u>\$ 4,976,233</u>	<u>7.59%</u> (1)		<u>\$ 92,094,880</u>	<u>\$ 1,665,885</u>	<u>4.98%</u> (1)

Source:
Deschutes County Assessor's Office

Notes:
(1) Percent of total assessed valuation represents percent of taxpayer's net assessed value to City's total net assessed values for 2024 and 2015 of \$3,419,940,368 and \$1,847,772,866 respectively.

**CITY OF REDMOND, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 9,893,522	\$ 9,453,537	95.55%	\$ 181,795	\$ 9,635,331	97.39%
2016	10,449,915	9,944,856	95.17%	231,206	10,176,062	97.38%
2017	11,322,293	10,802,683	95.41%	207,174	11,009,857	97.24%
2018	11,958,929	11,489,754	96.08%	166,511	11,656,264	97.47%
2019	12,643,553	12,147,287	96.07%	174,349	12,321,636	97.45%
2020	13,568,359	13,047,483	96.16%	185,419	13,232,902	97.53%
2021	14,696,296	14,156,364	96.33%	143,821	14,300,185	97.30%
2022	15,341,912	14,666,393	95.60%	103,042	14,769,435	96.27%
2023	18,906,833	18,225,139	96.39%	114,121	18,339,261	97.00%
2024	20,129,926	19,372,307	96.24%	-	19,372,307	96.24%

Source:
Deschutes County Assessor's Office

Notes:
Schedule includes all property tax levies, including those for debt services and urban renewal districts.

CITY OF REDMOND, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities (in thousands)					Business-Type Activities (in thousands)				
	General Obligation	Full Faith & Credit Bonds	Limited Tax Issuances	Special Assessment Bonds	Leases, Notes & SBITA Payable (1)	Full Faith & Credit Bonds	Revenue Bonds	Leases, Notes & SBITA Payable (1)	Total Primary Government	Total Debt per Capita
2015	\$ 370	\$ 22,307	\$ -	\$ 510	\$ 1,254	\$ 20,240	\$ 20,094	\$ 11,680	\$ 76,455	\$ 2.83
2016	255	27,638	-	480	1,061	28,138	15,485	10,897	83,955	3.04
2017	130	26,272	-	445	882	26,746	15,045	13,319	82,839	2.93
2018	-	24,895	-	410	541	25,253	14,590	15,264	80,953	2.77
2019	-	23,483	-	375	26	60,434	2,480	13,534	100,332	3.28
2020	-	22,032	-	340	25	57,804	2,300	12,791	95,292	2.83
2021	-	20,535	-	305	23	54,095	-	12,474	87,432	2.46
2022	-	18,599	-	-	21	50,795	-	13,114	82,529	2.28
2023	39,360	17,261	6,079	-	641	47,316	-	14,494	125,151	3.43
2024	38,592	15,816	5,885	-	379	43,707	-	14,040	118,419	3.19

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) GASB 87 Leases was implemented in Fiscal Year 2022 and GASB 96 for SBITA was implemented in Fiscal Year 2023

CITY OF REDMOND, OREGON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt (in thousands)	Less: Amounts Available in Debt Service Fund (in thousands)	Total	Percentage of Estimated Actual Taxable Value of Property (1)	General Bonded Debt Per Capita (2)
2015	\$ 42,547	\$ 53	\$ 42,494	1.97%	\$ 1,571
2016	55,777	50	55,727	2.26%	2,019
2017	53,018	42	52,976	1.86%	1,874
2018	50,148	-	50,148	1.51%	1,718
2019	83,917	-	83,917	2.19%	2,742
2020	79,836	-	79,836	1.86%	2,367
2021	74,630	-	74,630	1.56%	2,097
2022	69,394	-	69,394	1.23%	1,919
2023	64,577	244	64,333	0.89%	1,763
2024	59,523	268	59,256	0.72%	1,595

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Assessed value data can be found in the schedule of Assessed Values and Estimated Actual Value of Taxable Property

(2) Population data can be found in the Demographic and Economic Statistics schedule.

**CITY OF REDMOND, OREGON
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 For the Fiscal Year Ended June 30, 2024**

<u>Jurisdiction</u>	<u>Total Net Debt</u>	<u>Percent Applicable to City of Redmond (1)</u>	<u>Amount Applicable to City of Redmond</u>
Direct Debt:			
City of Redmond	\$ 60,672,410	100.00%	\$ 60,672,410
Overlapping Debt:			
Central Oregon Community College	36,015,000	8.59%	3,092,752
Central Oregon Regional Housing Authority	1,650,200	10.12%	166,997
Deschutes County	39,645,000	10.12%	4,011,995
Deschutes County School District 2J (Redmond)	187,941,598	46.90%	88,135,588
Deschutes Public Library District	185,300,000	10.12%	18,751,989
High Desert ESD	2,087,852	9.20%	191,999
Redmond Area Park & Recreation District	17,592	60.59%	10,659
Redmond Fire & Rescue	2,345,889	62.21%	1,459,408
	<u>455,003,131</u>	<u>25.46%</u>	<u>115,821,387</u>
Total Direct and Overlapping Debt:	<u>\$ 515,675,541</u>	<u>34.23%</u>	<u>\$ 176,493,797</u>

Source:

Debt Management Division, Oregon State Treasury
 Excluding Revenue Bonds

Notes:

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 of Redmond. This process recognizes that, when considering the government'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.

(1) Percent applicable to City of Redmond represents the City's real market value as a percent of the real market value of the respective jurisdictions.

CITY OF REDMOND, OREGON

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year (in thousands)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real market value	\$ 2,158,137 3%	\$ 2,461,132 3%	\$ 2,847,863 3%	\$ 3,322,681 3%	\$ 3,824,199 3%	\$ 4,286,502 3%	\$ 4,794,629 3%	\$ 5,620,527 3%	\$ 7,239,030 3%	\$ 8,177,391 3%
General obligation bond debt limit (1)	64,744	73,834	85,436	99,680	114,726	128,595	143,839	168,616	217,171	245,322
Gross general obligation bonded debt	370	255	130	-	-	-	-	-	64,577	59,523
Legal debt margin (amount for future indebtedness)	\$ 64,374	\$ 73,579	\$ 85,306	\$ 99,680	\$ 114,726	\$ 128,595	\$ 143,839	\$ 168,616	\$ 152,594	\$ 185,798
Debt capacity percent	99%	100%	100%	100%	100%	100%	100%	100%	70%	76%

Source:

Deschutes County Assessor Office, Summary of Assessment and Tax Roll, District Summary

Notes:

(1) ORS 287A.050 provides a general obligation bond debt limit of 3% of the real market value of all taxable property within the City boundaries

Oregon Revised Statutes (ORS) 287.004(2) states: "Unless a lesser limitation upon the issuance of bonds has otherwise been provided by law or charter, no city shall issue or have outstanding at any one time bonds in excess of three percent of real market value of all taxable property within its boundaries, computed in accordance with ORS 308.207, after deducting from outstanding bonds such cash funds and sinking funds as are applicable to the payment of principal thereof."

**CITY OF REDMOND, OREGON
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years**

Special Assessment Debt					
Fiscal Year	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest		
2015	\$ 36,769	\$ 30,000	\$ 20,675	0.73	
2016	94,033	30,000	20,075	1.88	
2017	169,809	35,000	19,475	3.12	
2018	169,012	35,000	18,425	3.16	
2019	111,505	35,000	17,650	2.12	
2020	62,500	35,000	16,600	1.21	
2021	96,338	35,000	15,450	1.91	
2022	80,134	40,265	14,000	1.48	
2023	-	-	-	-	
2024	-	-	-	-	

Note: The underlying debt was paid in FY2022

**CITY OF REDMOND, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2015	27,050	\$ 1,279,032	\$ 47,284	7,329	5.8%
2016	27,595	1,376,466	49,881	7,363	5.0%
2017	28,265	1,440,243	50,955	7,387	4.1%
2018	29,190	1,548,033	53,033	7,480	3.8%
2019	30,600	1,687,376	55,143	7,525	3.9%
2020	33,728	1,903,844	56,447	7,469	3.9%
2021	35,592	2,178,800	61,216	7,069	5.2%
2022	36,160	2,449,587	67,743	7,066	3.4%
2023	36,491	2,613,741	71,627	7,080	3.4%
2024	37,146	3,009,755	81,025	7,065	3.7%

Source:

(1) Population figures obtained from Portland State University Population Research Center

(2) Per capita income figures are for the Bend-Redmond Metropolitan Statistical Area and are obtained from the US Department of Commerce, Bureau of Economic Analysis.

(3) School enrollment figures are obtained from the Oregon Department of Education and does not include alternative schools.

(4) Unemployment rates represent June seasonally adjusted data for Bend Metropolitan Statistical Area obtained from the US Department of Commerce, Bureau of Economic Analysis

**CITY OF REDMOND, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior**

Employer	Product or Service	2024			2015		
		Rank	Employees	Percent of County Employment (1)	Rank	Employees	Percent of County Employment (1)
Redmond School District	Education	1	919	0.9%	1	819	1.2%
BasX	Manufacturing	2	661	0.6%			
St. Charles Health System	Healthcare	3	461	0.4%	3	504	0.7%
Medline ReNewal	Bioscience	4	293	0.3%	10	153	0.2%
Fred Meyer - Redmond	Retailer	5	315	0.3%	8	268	0.4%
PCC Schlosser	Aviation/Aerospace	6	328	0.3%	6	305	0.5%
City of Redmond	Municipality	7	242	0.2%			
Opportunity Foundation	Nonprofit	8	221	0.2%	5	392	0.6%
Consumer Cellular	Call Center	9	166	0.2%	2	585	0.9%
Safeway	Retailer	10	164	0.2%			
Northview Hotel Group (Eagle Crest)	Resort				4	450	0.7%
Wal-Mart	Retailer				7	300	0.4%
McDonald's	Food				9	165	0.2%
Total Employment			<u>3,770</u>	<u>3.5%</u>		<u>3,941</u>	<u>5.8%</u>

Source:

Redmond Economic Development, Redmond Profile and Bureau of Labor Statistics

Notes:

(1) Percent of total county employment represents percent of employer's employees to total employment for the Bend-Redmond MSA, obtained from the Bureau of Labor Statistics

**CITY OF REDMOND, OREGON
 FULL-TIME EQUIVALENT CITY GOVERNMENT
 EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	39	38	38	35	45	45	48	52	59	72
Public Safety										
Police										
Officers	40	38	40	49	55	55	55	60	62	65
Volunteer Reserves (1)	8	8	8	8	8	8	-	-	-	-
Highways and streets										
Engineering	5	7	8	7	8	9	10	12	11	12
Operational	15	17	19	16	18	19	19	19	24	24
Culture and recreation	8	8	11	10	13	15	14	16	20	20
Water	10	10	11	11	12	12	12	12	12	12
Wastewater	13	13	14	13	14	17	18	18	16	15
Airport	19	20	19	20	24	28	25	29	32	32
Total	157	159	168	169	197	208	201	218	236	252

Source:
 City of Redmond Human Resources Department

Notes:
 (1) The volunteer reserve program ended in April 2021.

**CITY OF REDMOND, OREGON
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Physical arrests	1,938	2,182	2,731	2,986	2,891	2,898	2,613	2,518	2,119	2,494
Parking violations	445	457	407	477	413	414	483	620	847	744
Traffic violations	4,246	4,250	5,122	3,802	3,911	1,780	1,729	1,702	3,087	3,309
Ordinance violations	1,226	1,658	918	1,112	1,311	1,214	1,494	1,544	1,483	1,146
Highways and streets										
Street resurfacing (miles)	10	9	10	9	12	24	16	18	14	13
Water										
Number of Users	9,985	10,100	10,400	10,895	11,228	11,629	12,289	12,333	12,505	12,810
Average daily water consumption (millions of gallons)										
High (July)	5.80	5.90	6.08	6.40	6.06	6.70	7.04	6.56	6.77	
Low (January)	12.80	12.00	14.00	14.60	13.30	14.50	15.00	15.50	13.34	14.30
Plant Capacity (storage)	2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.59	2.57
Production capability	10.00	10.00	10.00	13.50	13.50	13.50	13.50	15.50	15.80	15.50
Wastewater										
Average daily sewage treatment (millions of gallons)										
High daily flow	1.76	1.81	1.85	1.85	1.90	2.54	2.45	2.47	2.50	2.51
Low daily flow	1.98	2.10	2.20	2.10	2.10	2.66	2.72	2.77	2.97	3.21
	1.56	1.50	1.50	1.60	1.70	2.31	2.16	2.09	2.23	2.21

Source:

City of Redmond Police Department and Public Works Department

CITY OF REDMOND, OREGON
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	36	38	39	42	43	45	53	54	56	70
Highways and streets										
Streets (miles)	163	163	163	165	170	172	174	175	178	178
Culture and recreation										
Parks acreage	124	124	124	160	160	160	162	162	166	166
Parks	24	24	24	24	24	24	26	26	26	26
Tennis courts	10	10	10	10	10	10	10	10	10	9
Dry canyon development acres	193	193	193	193	193	193	193	193	199	199
Water										
Water mains (miles)	164	165	165	166	175	185	186	188	189	191
Wastewater										
Sanitary sewers (miles)	137	139	141	147	152	154	157	160	161	164
Storm sewers (miles)	35	36	36	37	39	40	42	42	43	45
Maximum daily treatment capacity (millions of gallons)	2.99	2.99	2.84	2.99	2.99	2.99	2.99	2.99	2.99	2.99

Source:
City of Redmond Police Department and Public Works Department

CITY OF REDMOND, OREGON

BONDED DEBT RATIOS

For the Fiscal Year Ended June 30, 2024

	<u>2024</u>
Real Market Value	\$ 8,177,390,982
Population	37,146
Per Capita Real Market Value	\$ 220,142

Debt Information	<u>Gross Direct Debt</u>	<u>Net Direct Debt</u>
City Direct Debt (1 and 2)	\$ 93,944,277	\$ 41,452,277
Overlapping Direct Debt (3 and 4)	148,953,602	115,821,387
Total Direct Debt	<u>\$ 242,897,879</u>	<u>\$ 157,273,664</u>

Bonded Debt Ratios		
City Direct Debt to Real Market Value	1.15%	0.51%
Per Capita City Direct Debt	\$ 2,529	\$ 1,116
Total Direct Debt to Real Market Value	2.97%	1.42%
Per Capita Total Direct Debt	\$ 6,539	\$ 4,234

- (1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt
- (2) Net Direct Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt
- (3) Gross Direct Debt taken from Oregon State Treasury, Debt Management Division, Overlapping Debt Report, Total Gross Overlapping Debt
- (4) Net Direct Debt taken from Oregon State Treasury, Debt Management Division, Overlapping Debt Report, Total Net Overlapping Debt

CITY OF REDMOND, OREGON
URBAN RENEWAL ASSESSED VALUE
For the Fiscal Year Ended June 30, 2024

	Redmond Downtown Urban Renewal	Redmond South 97 Urban Renewal
Frozen Base	\$72,805,858	\$169,321,416
Incremental Assessed Value	206,284,653	58,759,854
Excess Assessed Value (Revenue Sharing)	92,962,139	-
Total Assessed Value	<u>\$372,052,650</u>	<u>\$228,081,270</u>

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Redmond as of and for the year ended June 30, 2024 and have issued our report thereon dated December 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Redmond 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which 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 of Redmond 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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

The City had expenditures over appropriations in the following funds:

Municipal Golf Fund	
Golf Operational Unit	\$ 134,492

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of Redmond internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Redmond internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Redmond internal control over financial reporting.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of City of Redmond and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP



December 23, 2024



CITY OF REDMOND, OREGON



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

December 23, 2024

To the Honorable Mayor and
Members of the City Council
City of Redmond, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Redmond, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Redmond, Oregon's basic financial statements and have issued our report thereon dated December 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Redmond, Oregon's internal control over financial reporting (internal control) 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 City of Redmond, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Redmond, Oregon's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Redmond, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, OR

December 23, 2024



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**Independent Auditor's Report on Compliance for Each Major
Program and Passenger Facility Charge Program and on Internal Control Over
Compliance Required by the Uniform Guidance and
Passenger Facility Charge Audit Guide for Public Agencies**

To the Governing Body of the City of Redmond, Oregon:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Redmond, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Redmond, Oregon's major federal programs for the year ended June 30, 2024. We have also audited the City of Redmond, Oregon's compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. The City of Redmond's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Redmond, Oregon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and passenger facility charges for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Redmond and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and passenger facility charges. Our audit does not provide a legal determination of the City of Redmond's compliance with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the PFC Guide we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to

identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 23, 2024



CITY OF REDMOND, OREGON

**CITY OF REDMOND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Federal or Pass Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Community Development Block Grants (CDBG) - Entitlement Grants Cluster				
Direct programs:				
CDBG/Entitlement Grants	14.218	B-19-MC-41-0013	1	-
CDBG/Entitlement Grants	14.218	B-21-MC-41-0013	42,425	17,752
CDBG/Entitlement Grants	14.218	B-22-MC-41-0013	62,259	42,555
CDBG/Entitlement Grants	14.218	B-23-MC-41-0013	39,908	17,752
CDBG/Entitlement Grants	14.218	NSP-3 converted to CDBG & Program Income	21,195	21,195
Total CDBG - Entitlement Grants Cluster		Cluster subtotal	165,789	99,254
Total U.S. Department of Housing and Urban Development				
U.S. Department of Justice				
Direct program:				
Equitable Sharing Program	16.922	n/a	2,502	-
Bulletproof Vest Partnership Program	16.607	FY2023 BVP Solicitation	7,140	-
Total U.S. Department of Justice		subtotal	9,642	-
U.S. Department of Transportation				
Direct program:				
Airport Improvement Program-COVID (CRSSA)	20.106	3-41-0052-049	32,444	-
Airport Improvement Program-COVID (ARPA)	20.106	3-41-0052-051	9,232	-
Airport Improvement Program	20.106	3-41-0052-052	627,404	-
Airport Improvement Program	20.106	3-41-0052-053	1,880,894	-
Payments for Small Community Air Service Development	20.930	DOT-OST-2020-0231-0057	30,498	-
		subtotal	2,580,472	-
Transit Services Program Cluster				
Grants passed through Oregon Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	35455	267,574 **	-
Total Transit Services Program Cluster		Cluster subtotal	267,574	-
Highway Safety Cluster				
Grants passed through Oregon Department of Transportation:				
State and Community Highway Safety	20.616	FY 2023 Seat Belt Enforcement	416	-
State and Community Highway Safety	20.616	69A3752430000405COR0	42,291	-
State and Community Highway Safety	20.616	FY2024 Seat Belt Enforcement	4,302	-
		subtotal	47,008	-
Grants passed through Oregon Impact:				
State and Community Highway Safety	20.616	FY 2023 Speed Enforcement	746	-
State and Community Highway Safety	20.616	FY 2023 Distracted Driving	2,004	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (164 DUII grants)	20.616	FY 2023 DUII	1,078	-
State and Community Highway Safety	20.616	FY2024 Distracted Driving	3,079	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (164 DUII grants)	20.616	FY2024 DUII	339	-
State and Community Highway Safety	20.616	FY2024 Speed Enforcement	2,615	-
		subtotal	9,861	-
Total Highway Safety Cluster		Cluster subtotal	56,870	-
Total U.S. Department of Transportation				
U.S. Department of the Treasury				
Grants passed through Deschutes County				
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	2022-706	241,477 **	-
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	2023-824	241,546 **	-
Grants passed through Oregon Department of Administrative Services				
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	8111	813,827 **	-
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	8110	366,457 **	-
Grants passed through Business Oregon				
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	SR2218	207,939 **	-
Total U.S. Department of the Treasury		subtotal	1,871,246	-
National Park Service				
Passed through State of Oregon - Parks and Recreation Department				
Passed through State of Oregon - Parks and Recreation Department	15.904	OR-22-15	1,288	-
Passed through State of Oregon - Parks and Recreation Department	15.904	OR-24-14	3,867	-
Total National Park Service		subtotal	5,155	-
U.S. Department of Homeland Security				
Grants passed through Oregon Department of Forestry:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	5,342	-
Total U.S. Department of Homeland Security		subtotal	5,342	-
TOTAL FEDERAL EXPENDITURES			4,962,090	99,254

**CITY OF REDMOND, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1 - Basis of Presentation

The schedule above is prepared on the accrual basis of accounting and is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Costs

The City has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1.

Note 4 - Loans Receivable

The City had the following net activity on loan balances receivable from current and prior year Federal expenditures as of June 30, 2024:

<u>Program Title</u>	<u>CFDA</u>	<u>Loans Receivable At 6/30/23</u>	<u>Loans Granted / (Repaid)</u>	<u>Loans Receivable At 6/30/24</u>
CDBG/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 330,365	-	330,365

Note 5 - Program Income

The City received program income from the repayment of Federally funded loans receivable, net proceeds of Federally funded rental activity or sales of Federally funded real property which accounts for a portion of Federal expenditures for the associated Federal CFDA number.

<u>Program Title</u>	<u>CFDA</u>	<u>Amount</u>
CDBG/Entitlement Grants	14.218	-

The City has \$0.00 remaining in Program Income as of June 30, 2024.

Note 6 - Outstanding Loans

The City has the following net activity on loan balances payable as of June 30, 2024, of which at least a portion are Federal funds:

<u>Loan Description</u>	<u>Loans Payable At 6/30/23</u>	<u>Loans Issued / (Repaid)</u>	<u>Loans Payable At 6/30/24</u>
Capitalization Grants for Clean Water State Revolving Funds #R76072	3,764,246	(455,586)	3,308,660
Capitalization Grants for Clean Water State Revolving Funds #R76074	3,991,390	897,488	4,888,878

There is no federal portion to Loan R76074 as of June 30, 2024.

**** Signifies Major Programs**

**CITY OF REDMOND, OREGON
REDMOND MUNICIPAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES
YEAR ENDED JUNE 30, 2024**

Program	Unliquidated PFC Beginning Balance	PFC Revenue Collected	Interest Earned	Expenditures	Ending Balance Unliquidated PFC
Quarter ended September 30, 2023 Application #9 09-07-C-01-RDM	\$ -	\$ 572,614.13	\$ -	\$ (572,614.13)	\$ -
Quarter ended December 31, 2023 Application #9 09-07-C-01-RDM	\$ -	\$ 543,444.95	\$ -	\$ (543,444.95)	\$ -
Quarter ended March 31, 2024 Application #9 09-07-C-01-RDM	\$ -	\$ 509,151.67	\$ -	\$ (509,151.67)	\$ -
Quarter ended June 30, 2024 Application #9 09-07-C-01-RDM	\$ -	\$ 603,648.68	\$ -	\$ (603,648.68)	\$ -
Year Ended June 30, 2024 Application #9 09-07-C-01-RDM	\$ -	\$ 2,228,859.43	\$ -	\$ (2,228,859.43)	\$ -



CITY OF REDMOND, OREGON

CITY OF REDMOND, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2024

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Significant Deficiencies

2023-001

Condition and criteria: In the Consolidated Annual Performance and Evaluation Report (CAPER) required by HUD, there were differences in amounts reported for available funds and expense in the narrative sections of the goals and outcomes and resources and investments. Similar differences were reported in the expected resources in the Annual Action Plan. In addition, the PR26 Financial Summary Report should list the beginning unexpended CDBG funds so that the report does not show a negative available amount at year end. The City has also not been entering amounts in the cash disbursed line in the report, causing the report to show cash on hand that should be zero at fiscal year end.

Cause: IDIS does not allow negative amounts, so the report is prepared on the cash basis for revenues and the City has to supplement reporting with remarks detailing status.

Context and effect: Adjustments, narratives and remarks are needed to detail the status of the programs.

Auditor's recommendation: We recommend that the City continue to work with HUD and the instruction manual on IDIS reporting and to fill out all applicable sections to alleviate negative amounts and to ensure that the reports are accurately presented.

Current status: The City incorporated the auditors recommendations from the previous audit. The City found reporting options that met the needs of all parties involved.

2023-002

Condition and criteria: The CDBG manual states that program income must be disbursed prior to the drawdown of additional funds of the treasury and there were some drawdowns of additional funds even though there is program income on hand. Program income also includes interest on cash on hand, but the City has not been allocating interest to the CDBG program.

Cause: The City sets up activities for each project and program income is allocated as the funding source and when draws are done, they either go against program income or as a request for funds based on the particular project. If a project was set up later and does not have program income allocated as a funding source to spend out first, there will be a request for additional funds, even if there is program income on hand.

Context and effect: The City has under \$25,000 of program income remaining at fiscal year end, thus it is not considered material non-compliance. There is also an exception for allocating interest to program income when the total from all sources for the program is less than \$25,000 but would be required if excess income exceeds that amount.

Auditor's recommendation: We recommend that the City perform procedures at year end to determine whether it has excess program income on hand, calculate interest on cash on hand if applicable, and return any excess funds to its line of credit.

Current status: The City incorporated the auditors recommendations from the previous audit. The City performed additional procedures during the current fiscal year to determine the proper treatment of program income.

CITY OF REDMOND, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- 01 The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Redmond.
- 02 No material weaknesses or significant deficiencies in internal control were discovered by the audit of the basic financial statements of the City of Redmond.
- 03 No instances of noncompliance material to the financial statements of the City of Redmond, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

- 01 No material weakness or significant deficiencies in internal control over compliance for major federal programs were disclosed by the audit of the basic financial statements of the City of Redmond, Oregon.
- 02 The auditor's report on compliance expresses an unqualified opinion for each major program and the Passenger Facilities Charge Program.
- 03 There were no audit findings reported in accordance with 2 CFR Section 200.516(a).
- 04 The programs tested as major programs was:
 - Enhanced Mobility of Seniors and Individuals with Disabilities CFDA # 20.513
 - Coronavirus State and Local Fiscal Recovery Funds CFDA # 21.027
- 05 The threshold for distinguishing Types A and B programs was \$750,000.
- 06 The City of Redmond was determined to be a low-risk auditee.

Passenger Facility Charge Program (PFC)

- 01 No material weaknesses or significant deficiencies in internal control over the PFC program were disclosed by the audit.
- 02 The auditor's report on compliance expresses an unqualified opinion for the Passenger Facilities Charge Program.
- 03 There were no audit findings required to be reported in other matters.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SECTION IV - FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE (PFC) PROGRAM AUDIT

None

APPENDIX C
FORM OF LEGAL OPINION

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July ____, 2025

City of Redmond, Oregon
Redmond, Oregon

City of Redmond, Oregon

\$95,955,000	\$5,030,000
Full Faith and Credit Bonds	Full Faith and Credit Bonds
Series 2025A	Series 2025B
(Airport Expansion Projects)	(Airport Expansion Projects)
(AMT)	(Federally Taxable)
<hr/>	
(Final Opinion)	

Ladies and Gentlemen:

We have acted as bond counsel to the City of Redmond, Oregon (the “City”) in connection with issuance of \$95,955,000 aggregate principal amount of its Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT) (the “Series 2025A Bonds”), and \$5,030,000 aggregate principal amount of its Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable) (the “2025B Bonds,” and together with the 2025A Bonds, the “Bonds”), issued pursuant to Ordinance No. 2025-06 enacted by the City Council of the City on March 25, 2025 (the “Ordinance”), and a Bond Declaration, dated the date hereof, (the “Bond Declaration”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Ordinance or the Bond Declaration.

In such connection, we have reviewed the Ordinance, the Bond Declaration, the Tax Certificate, dated the date hereof (the “Tax Certificate”), related to the 2025A Bonds, certificates of the City and U.S. Bank Trust Company, National Association, as paying agent and registrar, and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any

person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the City and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Ordinance, the Bond Declaration and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2025A Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Ordinance, the Bond Declaration and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the cities in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Ordinance or the Bond Declaration or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement dated July 8, 2025 or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the City.
2. The Ordinance was duly adopted by the City, and the Ordinance and the Bond Declaration constitute the valid and binding obligations of the City. The Ordinance and the Bond Declaration create a valid pledge of the full faith and credit of the City, to secure the payment of the principal of and interest on the Bonds, including the general non-restricted revenues and other funds of the City that are lawfully available for that purpose, subject to the provisions of the

City of Redmond, Oregon

July __, 2025

Page 3

Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Ordinance.

3. Interest on the 2025A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any 2025A Bond for any period that such 2025A Bond is held by a “substantial user” of the facilities financed or refinanced by the 2025A Bonds or by a “related person” within the meaning of Section 147(a) of the Code. We observe, however, that interest on the 2025A Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the 2025A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We further observe that interest on the 2025B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is exempt from State of Oregon personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

\$100,985,000

**CITY OF REDMOND, OREGON
FULL FAITH AND CREDIT BONDS**

\$95,955,000

Series 2025A

**(Airport Expansion Projects)
(AMT)**

\$5,030,000

Series 2025B

**(Airport Expansion Projects)
(Federally Taxable)**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Redmond, Oregon (the “City”) in connection with the issuance of its Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT) (the “Series A Bonds”) and its Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable) (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”). The Bonds are being executed and delivered pursuant to Ordinance No. 2025-06 enacted by the City Council of the City on March 25, 2025 (the “Ordinance”). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or the Bond Declaration, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bond Declaration” shall mean the Bond Declaration dated July 22, 2025 and executed by the City that sets forth the terms and conditions of the issuance, sale, execution and delivery of the Bonds.

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a

final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement dated July 8, 2025 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s preceding fiscal year, commencing with the report for the City’s fiscal year ending June 30, 2025, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date as provided in Section 4(a). If the City’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to or otherwise fails to provide to the MSRB an Annual Report by the date required in subsection (a) of this section, the City shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the City for the preceding fiscal year, prepared in accordance with the laws of the State of Oregon. If the City’s audited financial statements are not available by the time the Annual Report is required to be provided to the

MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the City, the Annual Report shall also include the following:

(b) An update for the most recent ended Fiscal Year of the City's financial information and operating data of the type contained under the following headings in the Official Statement:

(1) "REVENUE SOURCES," including only information of the type set forth in the tables entitled "Taxable Property Values" and "Top 10 Property Taxpayers;"

(2) "CITY DEBT INFORMATION," including only information of the type set forth in the tables entitled "Outstanding Long-Term Debt," including information about outstanding long-term debt related to governmental activities and business-type activities, and "Overlapping Debt;"

(3) "CITY FINANCIAL INFORMATION," including only information of the type set forth in the tables entitled "Combined General Fund Balance Sheets" and "Combined General Fund Statement of Revenues, Expenditures and Changes in Fund Balance," and

(4) "THE REDMOND MUNICIPAL AIRPORT" including only information of the type set forth in the tables entitled "Historical Enplanement, Seats Per Departure and Boarding Load Factors," "Historical Landed Weight," and "Historical Revenues, Expenditures, and Changes in Fund Balance."

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB's website. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes;

(9) Bankruptcy, insolvency, receivership or similar event of the City; or

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the City determines would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Ordinance and the Bond Declaration.

(d) The City intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to applicable federal securities laws and the explanations thereof set forth in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any amendments thereto or further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Deschutes County Circuit Court or if a federal forum is required, in the federal courts of the State of Oregon. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July __, 2025.

CITY OF REDMOND, OREGON

By _____
Jason Neff
Deputy City Manager and Chief Financial
Officer

CONTINUING DISCLOSURE EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Redmond, Oregon
Name of Bond Issue: \$95,955,000 Full Faith and Credit Bonds, Series 2025A (Airport Expansion Projects) (AMT), and \$5,030,000 Full Faith and Credit Bonds, Series 2025B (Airport Expansion Projects) (Federally Taxable)
Date of Issuance: July 22, 2025

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the City, dated the Date of Issuance. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF REDMOND, OREGON

By [to be signed only if filed]
Authorized Representative

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Certificate Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments represented by the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

To the extent permitted by law, the City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES OR BENEFICIAL OWNERS WITH RESPECT TO DTC'S RECORD KEEPING, PAYMENTS BY DTC OR PARTICIPANTS, NOTICES TO BE DELIVERED BY DTC, OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE BONDS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the holders or registered owners of the Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. When reference is made to any action, which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given the City or the Paying Agent shall send them to DTC only.

For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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