



City of Newberg, Oregon  
Comprehensive Annual Financial  
Report  
Year Ended June 30, 2010



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# **CITY OF NEWBERG, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2010

Prepared by:

Janelle Nordyke CPA, Finance Director  
Elaina Canutt CPA, Financial Analyst

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***INTRODUCTORY SECTION***

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December 3, 2010

To the Honorable Mayor, City Councilors, and Citizens of the City of Newberg, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of Newberg, Oregon (the City) for the fiscal year ended June 30, 2010 is hereby submitted.

This report presents the financial position of the City as of June 30, 2010 and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of the State of Oregon. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to comply with reporting requirements.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page a.

The City of Newberg's financial statements have been audited by Boldt, Carlisle & Smith LLC, a firm of licensed certified public accountants. They have issued an unqualified opinion on the City of Newberg's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

### **Governmental Structure**

The City of Newberg was incorporated in 1889. The City is located 23 miles southwest of Portland, Oregon's largest city, and lies on the main east-west route between Portland and the central Oregon coast. It is the second largest city in Yamhill County. Yamhill County is part of the Portland-Vancouver metropolitan statistical area. The City currently has a land area of 5.83 square miles and a 2010 population of 23,150. The City has the authority to extend its corporate limits by annexation. During 2009-10 the city grew by 20 acres (0.03 square miles) as there was one annexation (1409 South Sandoz Road).

The City operates under a Council-Manager form of government. Policy making and legislative authority are vested in the Mayor and City Council which is composed of six members. Each council member represents a City district and is elected at large. Mayor and Council members are non-partisan and serve four-year terms. Terms are staggered with the Mayor and three Council positions next elected in November 2010. The City Manager is appointed by the Council and is responsible for carrying out the policies of the Council, overseeing the day-to-day operations and appointing department heads. Other positions appointed by the City Council are the City Attorney and Municipal Judge.

The City provides a full range of services. These services include police and fire protection; 911 emergency telephone center for the cities of Newberg and Dundee and Newberg and Dundee rural fire protection districts; emergency medical services; municipal court; library services; land use planning; building inspection; economic development; engineering; the construction and maintenance of roadways, streets, and related infrastructure; and the water, wastewater treatment and storm water systems. The City has no component unit governmental entities. Yamhill County, the Newberg School District and Chehalem Park and Recreation District are separate overlapping local governments under State law and are not included in this report.

### **Economic Condition and Outlook**

It should be noted that as of 1997-98 the State no longer imposes property taxes based on real market value. Instead, the voters approved a measure that bases taxation on a value that rolled back assessed values and capped the annual growth at 3% with greater increases allowed for major remodeling and new construction. During 2008-09 to 2009-10, the City's assessed value increased 7.25% and the market value decreased 2.70%<sup>1</sup>. The difference in market value and assessed value is \$814.6 million.

Table 1  
City of Newberg Assessed and Market Values<sup>2</sup>

	2006-07	2007-08	2008-09	2009-10
Assessed Value	1,110,866,040	1,193,170,105	1,271,921,638	1,364,210,006
Percent Change	12.38%	7.41%	6.60%	7.25%
Market Value	1,905,225,704	2,268,313,601	2,239,316,374	2,178,831,882
Percent Change	31.45%	19.06%	-2.90%	-2.70%

<sup>1</sup> Assessed values and market values are set at 12:01 a.m. of each January 1<sup>st</sup> for taxes levied for the following fiscal year. Under Ballot Measure 50, Assessed values may increase up to 3% per year plus new construction, while market values more closely reflect the housing/commercial market. Market value is used to compute taxes under Ballot Measure 5 which caps taxes at \$10.00 per \$1,000 of market value for general government purposes, and \$5.00 per \$1,000 of market value for education. The cap does not affect general obligation debt levies.

<sup>2</sup> Yamhill County Assessor's Office.

During the fiscal year 2009-10, construction continued to decline, with the majority of commercial construction permits going for remodeling.

Residential activity was about the same as the prior year, with 190 dwelling permits. 138 permits were issued in year 2008-09, and 137 were issued in year 2007-08. Residential construction mostly consisted of remodeling.

The City benefits from its proximity to the Portland Metropolitan Area. The diversified economy of the Tri-county area (Multnomah, Washington, and Clackamas counties) and Yamhill County help the City to maintain a relatively stable economic condition. Agriculture dominates economic activities outside the urban area, particularly nurseries, vineyards and wineries. The City also benefits from a family-owned dental manufacturer inside the City and a large paper manufacturer just outside the City. Major employers also include George Fox University and Providence Newberg Medical Center. The completion of the Allison Inn added a few hundred employees, offsetting the closure of Suntron. However, even with these employers, as of June 2010, the county's unemployment rate continued to be high at 10.5%,<sup>3</sup> which is only slightly more than state's average of 10.2%, and only a little higher than the national average of 9.5%. In 2009, the national unemployment rate was at 9.5%, but in Yamhill County it was 13.2%.

### **Major Activities and Accomplishments**

*For the Year.* In August of 2009, the City implemented a public safety fee on the utility bill. This will fund three new police officers over the next few years.

The City had a number of citizens' groups working on various issues during the year, in addition to the normal, routine citizens groups such as the Planning Commission, Traffic Safety Committee, Library Board and Budget Committee. Committee activities ranged from continually raising money for a new animal shelter to planning for Newberg's future.

The beginning construction of a new pump station on Hwy 240 at the edge of town is intended to take the pressure off Dayton Avenue Pump Station and to service the northwest side of Newberg.

Current progress on the Bypass plan continues to be at a stand-still. Getting through traffic around the cities of Newberg and Dundee will be a major effort for years to come.

The Citizen's Rate Review Committee reconvened in the fall of 2009 to recommend rates for the City Council to adopt user fees for water, wastewater and storm water utilities for the next two years.

*For the Future.* With the adoption of the utility rates effective July 1, 2010, the City Council asked staff to develop a proposal to help low income utility customers with their utility bill. The City Council adopted the Utility Bill Assistance program that will give low income utility customers several ways for assistance, through financial aid as well as conservation education.

The City continues to focus on City operations, particularly the street system, providing sufficient quality water to the community, improving wastewater treatment processes, and improving the downtown. As areas of Newberg expand and grow over the next several years, the demand for potable water and wastewater treatment increases. These services need to be available before the growth is in place.

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<sup>3</sup> State of Oregon, Employment Division, Portland Metro Labor Trends, August 2010.

Increasing capacity to serve new customers and expansion of the current wastewater facility will require an estimated investment of \$55 million. Clean Water State Revolving Loan Fund, through the Department of Environmental Quality, will provide funding for construction during the first phase.

Portland Community College (PCC) has come to town. Ground was broken for construction and classes have started, temporarily held in the new Chehalem Cultural Center.

The City has received several grants. A FEMA grant was received for remodeling the Fire Station 20 on Second Street. The City received a state grant to build a bike/pedestrian path along the northern section of College, starting at the railroad tracks.

The street system is particularly in need of an influx of new revenue. A transportation fee was studied several years ago and may need to be resurrected to take care of street and sidewalk maintenance needs. While the City is committed to working out solutions with its citizens, initiative measures in the State and community have challenged the City in managing and financing needed improvements.

### **Relevant Financial Policies**

Fund Reserves. The General Fund shall maintain a four-month cash reserve including contingency and unappropriated fund balance. All other operating funds reliant on user fees or monthly intergovernmental revenues shall maintain 60 days cash.

Non-recurring Revenues. The City's general guideline is to use non-recurring revenue for non-recurring expenditures.

Cash Management. In order to maximize interest income in conformance with the City's investment policy, cash in all City funds, with the exception of restricted funds, is pooled and invested in instruments as allowed by Oregon Revised Statutes. Earnings are distributed to each fund on a pro rata basis by the balance in each fund.

Risk Management. City of Newberg's risk management program includes various risk control techniques, including employee accident prevention training, and has third party coverage for all lines of insurance, which includes workers' compensation.

### **Awards and Acknowledgements**

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberg for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the 18th consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for only one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. I especially want to thank Elaina Canutt, CPA, for preparing this report.

Finally, the Finance Department staff would like to thank the Mayor, City Councilors and the City Manager for their support and commitment to maintaining the highest standards of professionalism in the management of the City of Newberg's finances.

Sincerely,



Janelle Nordyke  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newberg  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



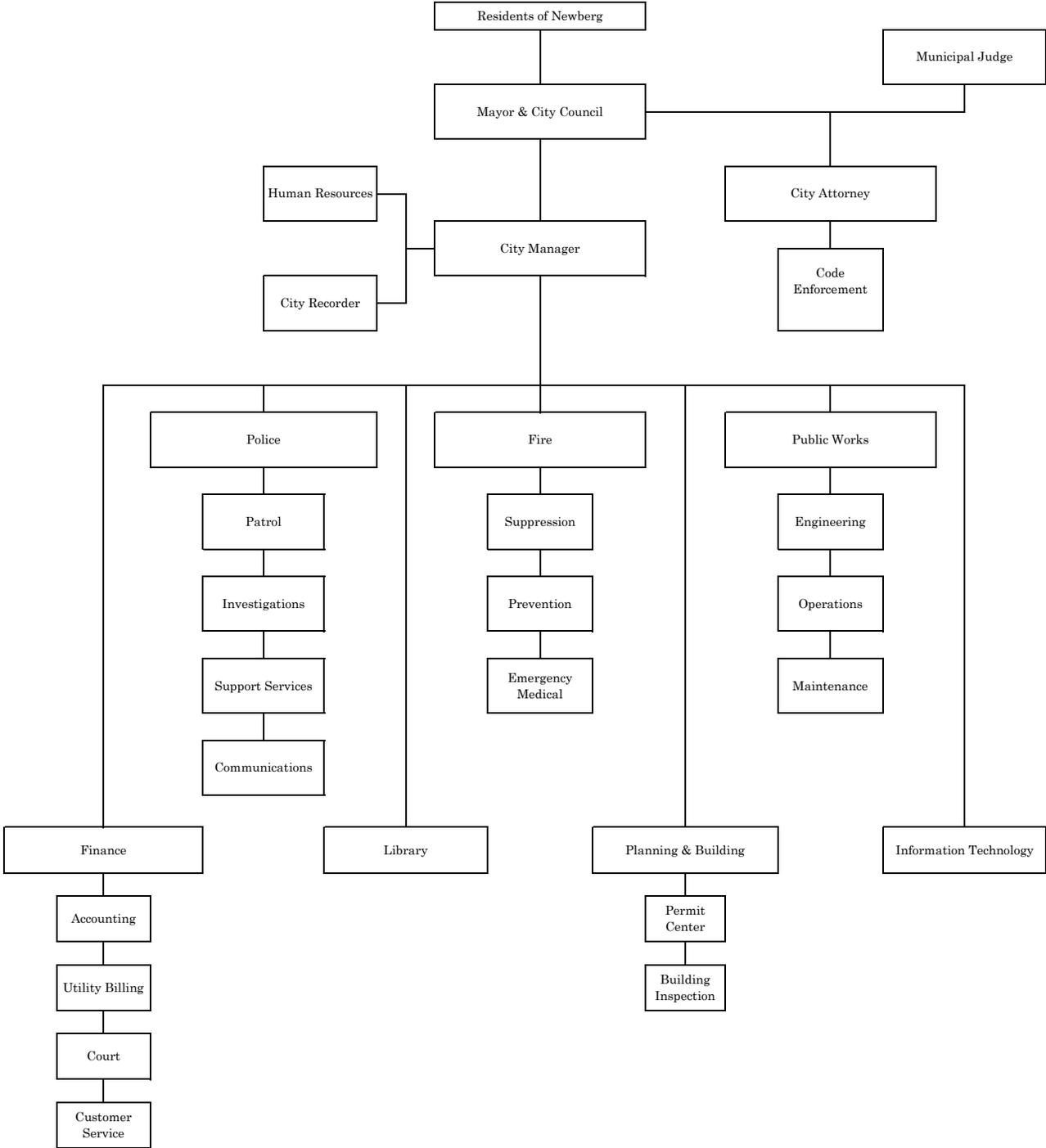
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# City of Newberg, Oregon



**City of Newberg, Oregon**

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2010

**MAYOR**

Bob Andrews  
PO Box 970  
Newberg, OR 97132

**TERM EXPIRATION**  
December 31, 2010

**COUNCIL MEMBERS**

Denise Bacon  
PO Box 970  
Newberg, OR 97132

December 31, 2012

Stephen McKinney  
PO Box 970  
Newberg, OR 97132

December 31, 2010

Ryan Howard  
PO Box 970  
Newberg, OR 97132

December 31, 2010

Bart Rierson  
PO Box 970  
Newberg, OR 97132

December 31, 2010

Wade Witherspoon  
PO Box 970  
Newberg, OR 97132

December 31, 2012

Marc Shelton  
PO Box 970  
Newberg, OR 97132

December 31, 2012

**ADMINISTRATOR**

Dan Danicic, City Manager

**LEGAL COUNSEL**

Terrence D. Mahr, City Attorney

***FINANCIAL SECTION***

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**BOLDT, CARLISLE & SMITH LLC**

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

## INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of the City Council**  
**CITY OF NEWBERG**  
**Newberg, Oregon**

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 **CITY OF NEWBERG**, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 NEWBERG**, as of June 30, 2010, the respective changes in financial position, and, where applicable, cash flows, thereof, and the respective budgetary comparisons for the General, Street, and Building Inspection Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a* through *p* be presented to supplement the basic financial statements. Such information, 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.

A

**Honorable Mayor and Members of the City Council  
CITY OF NEWBERG  
Newberg, Oregon**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CITY OF NEWBERG**'s financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**Boldt, Carlisle & Smith LLC**  
Certified Public Accountants  
Salem, Oregon  
November 22, 2010

By: 

Douglas C. Parham, Member

# CITY OF NEWBERG, OREGON

## Management's Discussion and Analysis

*For the Year Ended June 30, 2010*

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The management of the City of Newberg, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2010. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

### FINANCIAL HIGHLIGHTS

- Total assets of the City exceeded its liabilities by \$139 million. Of this amount, \$14.8 million were reported as unrestricted net assets, amounts which are available for use to meet the City's on-going obligations to citizens and creditors.
- The net assets of the City decreased by \$2.7 million during the fiscal year. Declining revenues from construction related activities and operating losses in the utility divisions contributed to this decrease.
- Long-term obligations rose due to a \$1.93 million debt issuance to expand the wastewater treatment plant.
- Property taxes increased \$0.4 million or 6% during the fiscal year. Franchise and public service taxes increased approximately \$0.3 million, or 6.9% over the prior year.
- Revenues generated from community development and planning fees plummeted by 60% due to economic pressures.
- Total cost of all programs was \$27.7 million, up 5% over last year.

### Overview of the Financial Statements

The City's annual financial report consists of several sections. The components of the report include the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- **Basic Financial Statements.** These statements include the government-wide statements, fund financials, and the 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 similar to a private-sector business. Within this view, all City operations are categorized and reported as either

# CITY OF NEWBERG, OREGON

## Management's Discussion and Analysis

*For the Year Ended June 30, 2010*

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governmental or business-type activities and are presented using the full accrual basis of accounting. Governmental activities include basic services such as public safety, library, community development and general government administration. Business-type activities are water, wastewater, storm water and emergency medical services. The government-wide statements include the Statement of Net Assets and the Statement of Activities.

- **Statement of Net Assets.** The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
  - **Statement of Activities.** The focus of the Statement of Activities is to present the major program costs and match major resources with each program. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other general resources. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- **Fund Financial Statements.** Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current available resources, as well as on balances of current resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Due to the fact that the focus of the 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 further understand the long-term impact of the government's near-term financial decisions.

- **Governmental Funds.** The City maintains 15 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund

# CITY OF NEWBERG, OREGON

## Management's Discussion and Analysis

*For the Year Ended June 30, 2010*

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Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report three major funds: General Fund, Street Fund, and Building Inspection Fund. Data from the other 12 governmental funds are combined into a single, aggregated presentation. For each major fund, a Budgetary Comparison Statement is presented. Readers who wish to obtain information on nonmajor funds can find it in the Combining Schedules of Nonmajor Funds and/or the Supplemental Information-Budgetary Comparison Schedules sections of this report.

- **Proprietary funds** are used to account for activities where the emphasis is placed on net income determination. The City maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, storm water, and emergency medical services operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for facilities and fleet services, information systems, finance, legal, administration, human resources, vehicle/equipment replacement, and risk management activities. The assets and liabilities of the internal service funds have been allocated among the governmental and business-type activities.

The enterprise funds, all of which are considered to be major funds (on a consolidated basis) of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information in the form of combining statements.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Newberg's own programs. The accounting used for fiduciary funds is similar to the treatment used for proprietary funds. The City has two fiduciary funds: Employee Pension Trust Fund and the Bail Fund.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

- **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.
  
- **Other Supplementary Data.** The supplementary data section includes combining statements for the non-major governmental funds, combining statements by fund type, and budgetary comparison statements. The combining internal service fund statements are also included in this section.
  
- **Other Information.** This section includes capital asset and other financial schedules.
  
- **Statistical Section.** This section includes trend information and demographics.
  
- **Reports of Independently Certified Public Accountants Required by Statutes.** Supplemental communication on City compliance and internal controls as required by Oregon statutes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table reflects the condensed Statement of Net Assets compared to prior year.

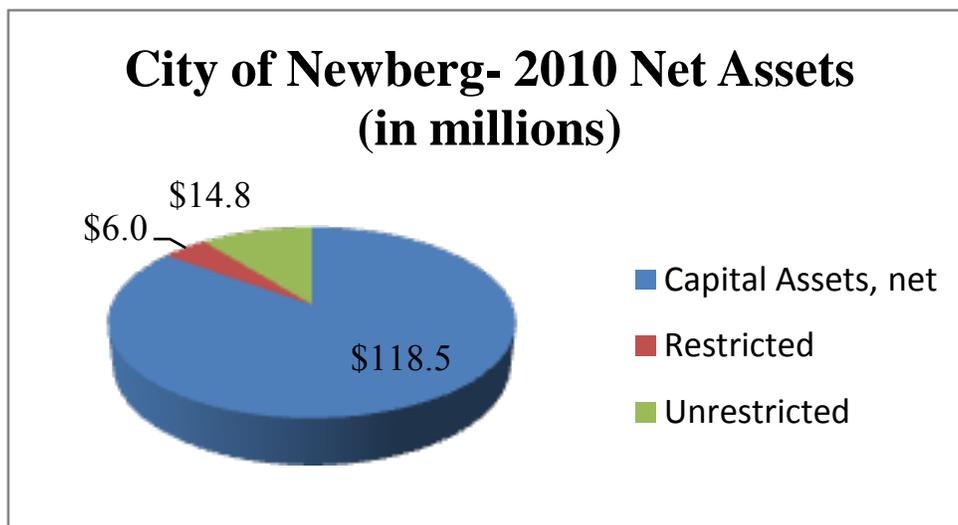
**TABLE 1**  
**NET ASSETS AT YEAR END**  
(in millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	2010	2009	2010	2009	2010	2009
Cash and investments	\$ 10.5	\$ 11.5	\$ 12.6	\$ 13.3	\$ 23.1	\$ 24.8
Other assets	3.0	3.0	1.4	1.4	4.4	4.4
Capital assets	76.1	77.3	70.8	70.1	146.9	147.4
Total assets	<u>89.6</u>	<u>91.8</u>	<u>84.8</u>	<u>84.8</u>	<u>174.4</u>	<u>176.6</u>
Long-term obligations	7.8	8.2	24.4	23.7	32.2	31.9
Other liabilities	1.6	1.6	1.3	1.1	2.9	2.7
Total liabilities	<u>9.4</u>	<u>9.8</u>	<u>25.7</u>	<u>24.8</u>	<u>35.1</u>	<u>34.6</u>
Net assets:						
Invested in capital assets, net of related debt	71.8	72.5	46.7	46.6	118.5	119.1
Restricted	2.3	2.4	3.7	4.4	6.0	6.8
Unrestricted	6.1	7.1	8.7	9.0	14.8	16.1
Total net assets	<u>\$ 80.2</u>	<u>\$ 82.0</u>	<u>\$ 59.1</u>	<u>\$ 60.0</u>	<u>\$ 139.3</u>	<u>\$ 142.0</u>

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

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As indicated in the following chart, \$118.5 million, or 85% of the City's net assets as of June 30, 2010 reflect the government's investment in capital assets (land, building, equipment, infrastructure, net of depreciation) less any related outstanding debt used to acquire those capital assets. The City uses these capital assets to provide services to citizens and consequently, they are not available for future spending. Restricted net assets total \$6.0 million, or 4.3% and represent cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net assets totaling \$14.8 million, or 10.7%, may be used to meet the City's ongoing obligations.



***Governmental Activities***

The City's net assets from governmental activities decreased \$1.8 million, from \$82 million to \$80.2 million. This decrease is the change in net assets reflected in the Statement of Activities, shown in Table 2, and explained below:

- Cash and investments decreased \$1.0 million during 2009-10 due to increasing program costs for public safety. A lack of building inspection revenue and state gas tax also contributed to a decrease in cash. In addition, \$0.3 million in cash flows were used to fund street capital projects.
- Capital assets decreased by \$1.2 million, primarily as a result of depreciation expense (\$2 million) coupled with no contributed infrastructure revenue from local developers. Governmental activities had \$0.8 million in capital asset additions.
- Long-term obligations decreased \$0.4 million due to regular debt service payment activity.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

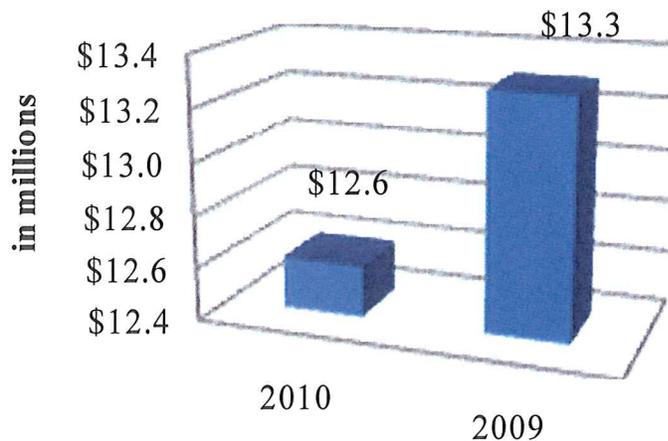
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***Business-type Activities***

The City's net assets from business-type activities decreased 1.5%, from \$60 million to \$59.1 million. This decrease is the change in net assets reflected in the Statement of Activities, shown in Table 2, and explained in the following:

- Cash and investments decreased \$0.7 million, or 5.3% as a result of debt service payments and outflows for additional utility system capital asset improvements.
- Capital assets increased \$0.7 million (net of depreciation), primarily as a result of:
  - \$0.7 million to complete the Sawdust Dryer at the Wastewater Plant
  - \$0.5 million for improvements at the City's Springs.
- Long-term obligations increased by \$0.7 million, or 3% due to the use of \$1.9 million in financing with US Bank to purchase land to expand the Wastewater Treatment Plant.
- Other liabilities increased \$0.2 million, or 27.3% due to an increase of \$0.2 million for interest payable on debt obligations. The liability for other post employment benefits also rose.

**Cash & Investments  
Business-Type Activities**



**CITY OF NEWBERG, OREGON**  
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*For the Year Ended June 30, 2010*

**STATEMENT OF ACTIVITIES**

The following table reflects the condensed Statement of Activities and Changes in Net Assets compared to prior year.

**TABLE 2**  
**GOVERNMENTAL AND PROPRIETARY ACTIVITIES**  
**FOR FISCAL YEARS ENDING JUNE 30, 2009 and 2010**  
(in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>	
	2010	2009	2010	2009	2010	2009
Revenues						
Charges for services	\$ 3.1	\$ 3.3	\$ 10.5	\$ 9.8	13.6	13.1
Operating grants and contributions	1.0	1.0	-	-	1.0	1.0
Capital grants and contributions	0.1	1.6	1.0	1.7	1.1	3.3
Taxes	9.1	8.8	-	-	9.1	8.8
Interest	-	-	0.1	0.3	0.1	0.3
Other	0.1	-	-	-	0.1	-
Total revenues	<u>13.4</u>	<u>14.7</u>	<u>11.6</u>	<u>11.8</u>	<u>25.0</u>	<u>26.5</u>
Expenses						
General government	0.3	0.3	-	-	0.3	0.3
Public safety	9.1	8.7	-	-	9.1	8.7
Library	1.2	1.2	-	-	1.2	1.2
Community development	4.1	4.5	-	-	4.1	4.5
Interest on long-term debt	0.4	0.5	-	-	0.4	0.5
Water	-	-	4.7	4.7	4.7	4.7
Sewer	-	-	5.7	4.4	5.7	4.4
Storm	-	-	0.9	0.9	0.9	0.9
Emergency medical services	-	-	1.3	1.2	1.3	1.2
Total expenses	<u>15.1</u>	<u>15.2</u>	<u>12.6</u>	<u>11.2</u>	<u>27.7</u>	<u>26.4</u>
Increase in net assets before transfers	<u>(1.7)</u>	<u>(0.5)</u>	<u>(1.0)</u>	<u>0.6</u>	<u>(2.7)</u>	<u>0.1</u>
Transfers	<u>(0.1)</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>(1.8)</u>	<u>(0.5)</u>	<u>(0.9)</u>	<u>0.6</u>	<u>(2.7)</u>	<u>0.1</u>
Beginning net assets	<u>82.0</u>	<u>82.5</u>	<u>60.0</u>	<u>59.4</u>	<u>142.0</u>	<u>141.9</u>
Ending net assets	<u>\$ 80.2</u>	<u>\$ 82.0</u>	<u>\$ 59.1</u>	<u>\$ 60.0</u>	<u>\$ 139.3</u>	<u>\$ 142.0</u>

***Governmental Activities***

Governmental activities resulted in a \$1.8 million decrease to the City's net assets. This decrease is attributable to lower revenues in nearly every category, along with rising program costs. The economic slowdown adversely affected revenues driven by construction activities.

- Charges for services – These are revenues that arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods,

# CITY OF NEWBERG, OREGON

## Management's Discussion and Analysis

*For the Year Ended June 30, 2010*

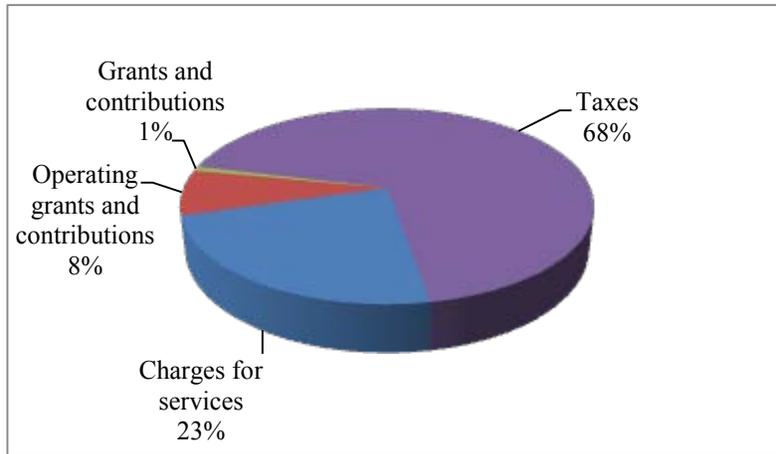
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services, or privileges provided, or are otherwise directly affected by the services. This category also includes municipal court revenues from issuance of traffic citations. Revenues generated from community development and planning fees plummeted by 60% as new housing and commercial endeavors came to a halt due to negative economic pressures. Revenues generated by building inspection services were less than half of the prior year amounts.

- Grants and contributions – These are revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- Operating grants/contributions revenues primarily consist of state gas tax disbursed to the City to use for road maintenance. During 2009-10, gas taxes increased by nearly \$100,000 to \$954,470. Other small state and private contributions are also included in the total. These funds go to support specific activities within the City.
- Capital grants/contributions revenues primarily consist of grants and developer infrastructure contributions (e.g. fair market value of subdivision's infrastructure such as streets, roads, and right-of-way/easements). Overall grant/contributions decreased \$1.5 million from \$1.6 million to \$0.1 million due to lack of developer infrastructure contributions.
- Taxes – These are revenues that consist primarily of property taxes, hotel/motel taxes, and franchise fees based on gross revenues. Property taxes increased \$0.4 million or 6% over the prior fiscal year. Franchise fees increased approximately \$0.3 million in large part to lodging taxes collected from the newly constructed Allison Inn.
- Interest – This is revenue derived from the City's investment of temporarily idle assets. Due to poor investment market earnings, revenues from this source were minor.
- Other - This is miscellaneous revenue not related to services provided.

**CITY OF NEWBERG, OREGON**  
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**Governmental Activities-Revenues by Source**



- Programs – These are direct expenses that are specifically associated with a service, program, or department and are clearly identifiable to a particular function. The following table reflects the changes in program expenses:

**Table 3**  
**Governmental Activities - Program Expenses**  
**for the fiscal year ended June 30, 2010**  
**(in millions)**

<b>Programs</b>	<b>FY 2009-10</b>		<b>Compared to FY 2008-09</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent</b>
General government	\$ 0.3	2.0%	\$ -	0.0%
Public safety	9.1	60.3%	0.4	4.6%
Library	1.2	7.9%	-	0.0%
Community development	4.1	27.2%	(0.4)	-8.9%
Interest on long-term debt	0.4	2.6%	(0.1)	-20.0%
<b>Total expenses</b>	<b>\$ 15.1</b>	<b>100.0%</b>	<b>\$ (0.1)</b>	

- General government consists of costs relating to operations of the City Council. No significant changes occurred during 2009-10.
- Public safety consists of the police, fire, court, and 911 operations. The increase in program expense is primarily due to increases in personnel costs. The City instituted a Public Safety fee to fund three new police positions.
- Library costs were consistent with the prior fiscal year.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

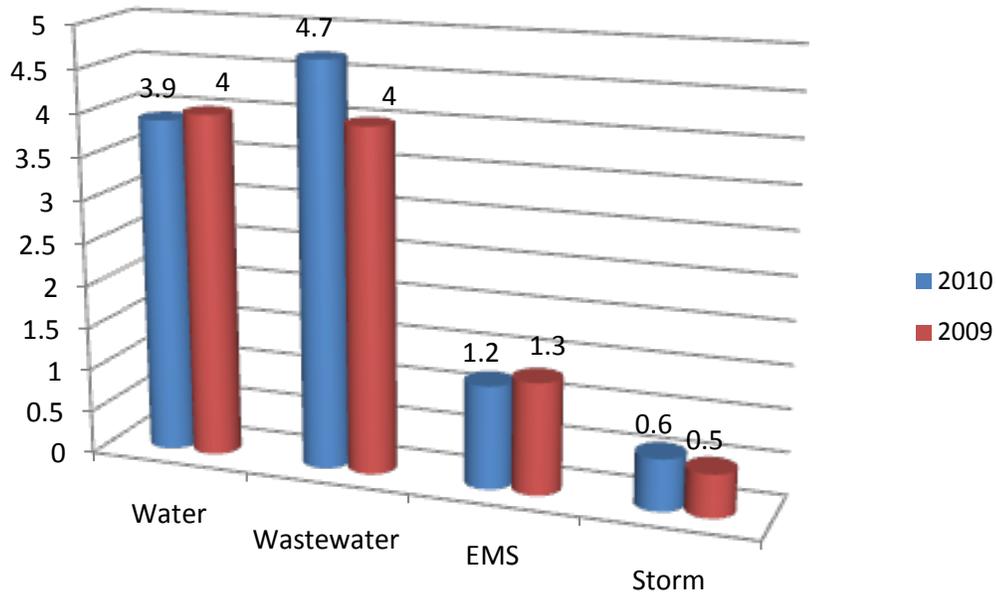
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- Community development consists of planning, economic development, building inspection, and road maintenance programs. The planning and building divisions made comprehensive program cuts in recognition of declining construction related revenues. To a lesser extent, the Street Fund also made spending cuts to bring costs more in line with revenues. The result of all these efforts was a \$0.4 million decrease in community development expense for 2009-10.

***Business-type Activities***

Overall revenues decreased by \$0.2 million over the prior fiscal year due to lack of capital infrastructure contributions from local building projects. Operating rate increases in all business-type divisions (except EMS) positively impacted revenues. System development fees decreased by \$0.1 million and interest revenues decreased \$0.2 million.

**Business-Type Activities – Operating Revenues by Service**



**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

The following table reflects the changes in program expenses for the business-type activities:

**Table 4**  
**Business-Type Activities - Program Expenses**  
**for the fiscal year ended June 30, 2010**  
**(in millions)**

<b>Programs</b>	<b>FY 2009-10</b>		<b>Compared to FY 2008-09</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) Amount</b>	<b>Percent</b>
Water	4.7	37.3%	-	0.0%
Wastewater	5.7	45.2%	1.3	29.5%
Storm	0.9	7.1%	-	0.0%
Emergency medical services	1.3	10.3%	0.1	8.3%
Total expenses	\$ 12.6	100.0%	\$ 1.4	

The \$1.3 million increase in the wastewater service division was attributable to higher expenses for nearly every expense category. The division experienced a rise in depreciation expense of \$0.2 million, while material and services costs increased \$0.6 million. Interest expense jumped \$0.3 million as the commitment for the Effluent Reuse debt hit its first year of repayment. Personal services increased \$0.1 million.

**FUND-BASED FINANCIAL ANALYSIS**

As previously discussed, 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 available resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.4 million, a decrease of \$0.9 million. Approximately 72% of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion, subject to reporting fund-type limitations. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service, invested in inventory, or has been reserved for other purposes.

**CITY OF NEWBERG, OREGON**  
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The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund decreased by \$0.4 million, or 13%, during the current fiscal year. Key components to the change for the year ended June 30, 2010 are as follows:

- Property taxes increased \$0.3 million, or 6.1%. Assessed values are limited to 3% growth, thus the remaining 3.1% is related to new construction and collections on delinquent taxes. New construction has nearly come to a halt within the City limits. The increase represents the completion of a few subdivisions that were already in progress.
- Other taxes, which consist of franchise fees, public service taxes, and motel taxes, increased \$0.3 million more than the prior fiscal year. This increase is attributable primarily to receipt of lodging taxes from the Allison Inn.
- Licenses and permits experienced a 61.5% decrease or \$0.3 million. Due to the recent downturn in the economy, new construction permitting activity has slowed down.
- Expenditures in the General Fund grew by \$0.2 million or 2% over the prior fiscal year. Public safety functions continued to be the largest contributor to cost increases at \$0.3 million. Personnel costs in these divisions continue to rise. Planning, Library and Municipal Court all experienced cost decreases while General Government had a small increase.

The Street Fund ending balance decreased by \$131,558 due to a continuation of expenditures exceeding incoming revenues. Incoming revenues are not able to support the current level of activity within the fund. Gasoline tax revenues received from the State increased by \$99,243. The City was able to cut back on costs by approximately \$99,000.

The Building Inspection Fund continued to struggle during 2009-10. Building inspection revenues were \$0.2 million lower than the prior fiscal year. The City started performing inspection services for some of the surrounding cities on a contract basis to bring in more revenues. Spending cuts were also made to the department in an effort to scale back costs. However, the change in net fund balance was still a loss of \$250,725 for fiscal year 2009-10.

Other governmental fund balances decreased by \$168,487 due primarily to expenditures related to street capital projects.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

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***Proprietary Funds***

Net assets of the water utility decreased by \$0.3 million (1.4%) during 2009-10. Charges for services decreased by nearly 2.4% during the fiscal year due to low consumption rates city-wide. Although there was a 6.5% rate increase, it was not enough to offset the decrease in water usage. Material and services costs decreased by \$0.3 million while personal services and depreciation increased by a combined amount of \$0.2 million. System development charge revenues were down \$0.1 million as well as interest revenues by the same amount. There were no capital contributions for the fiscal year and interest costs increased by nearly \$80,000.

The net assets of the wastewater utility decreased by \$0.3 million (1.3%) during fiscal year 2009-10. Charges for services increased 19% due to a significant rate increase implemented July 1, 2009. Operating expenses increased by 22.1% over the prior year. The operating result of the division was negative for 2009-10 (\$462,491), reflecting a multi-year trend of insufficient operating revenues. Implemented rate increases have not been effective in making the wastewater utility break even. System development revenues were consistent with the prior year.

The net assets of the storm water utility decreased by \$0.3 million (3.4%) during fiscal year 2009-10. Operating costs continued to outpace operating revenues resulting in an operating loss of (\$377,663). Storm water charges for services increased 7.6% consistent with the rate change implemented July 1, 2009. Operating costs increased 9.8%.

Net assets of the emergency medical services division experienced almost no change. Operating revenues decreased 8% while operating expenses grew 1%. The division received a capital asset contribution of \$178,441 (new ambulance) which was purchased by the governmental funds and then transferred.

**BUDGETARY HIGHLIGHTS**

The budgetary statement for the General Fund, page 10, shows the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2010. The City recognized \$658,182 in additional beginning fund balance through the supplemental budget process. This extra resource was allocated to Contingency. Later in the year, the City also transferred \$155,000 from Contingency to the Library department budget to purchase property for future expansion. \$25,000 was added to the planning department budget to expend unanticipated grants. Other minor changes totaling \$20,639 were transferred out of Contingency to cover costs.

The police departments expended \$205,041 less than anticipated in the budget process, while the fire department expended \$182,114 less. The library department's actual results varied from the budget by \$248,670 due to the deferral of purchasing new property until 2010-11.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

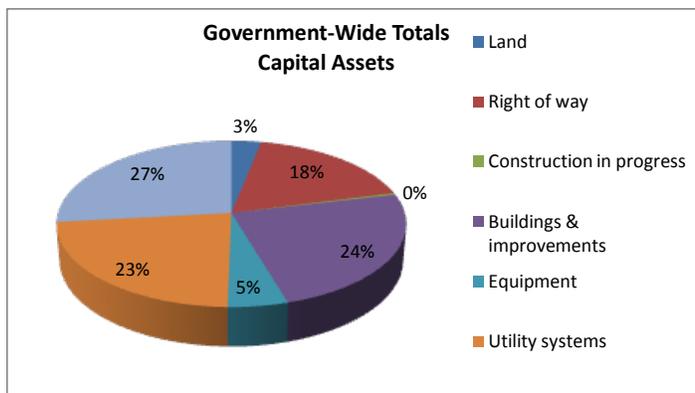
**Capital Assets.** As of June 30, 2010, the City had invested \$146.9 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$0.5 million.

**TABLE 5**  
**CAPITAL ASSETS AT YEAR END**  
**(NET OF DEPRECIATION)**  
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 1.0	\$ 1.0	\$ 3.6	\$ 1.6	\$ 4.6	\$ 2.6
Right of way	26.2	26.2	-	-	26.2	26.2
Construction in progress	0.2	0.1	0.3	0.9	0.5	1.0
Buildings & improvements	7.3	7.5	28.1	29.5	35.4	37.0
Equipment	2.1	2.1	5.1	4.4	7.2	6.5
Utility systems	-	-	33.7	33.7	33.7	33.7
Infrastructure	39.3	40.4	-	-	39.3	40.4
Total	<u>\$ 76.1</u>	<u>\$ 77.3</u>	<u>\$ 70.8</u>	<u>\$ 70.1</u>	<u>\$ 146.9</u>	<u>\$ 147.4</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of four new vehicles for various departments
- Purchase of land for future wastewater treatment plant expansion for \$1,941,743
- Connected Newberg 911 Dispatch with Washington County Communications Radio system \$270,493
- Made improvements to the Wastewater Treatment Plant Sawdust Dryer \$995,912



**CITY OF NEWBERG, OREGON**  
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Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements on page 35 of this report.

**Debt.** As of June 30, 2010, the City had a total long-term debt obligation of \$31.0 million. Of this amount, \$6.8 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$2.2 million to be serviced by property taxes, \$4.6 million to be serviced by the City Hall fee and internal charges to departments. All of these debts are backed by the full faith and credit of the City.

**TABLE 6**  
**OUTSTANDING DEBT AT YEAR END**  
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation	\$ 2.2	\$ 2.5	\$ -	\$ -	\$ 2.2	\$ 2.5
Certificates of participation	1.9	2.1	-	-	1.9	2.1
Limited tax bonds	2.7	2.7	-	-	2.7	2.7
Notes payable	-	-	24.2	23.5	24.2	23.5
Total	<u>\$ 6.8</u>	<u>\$ 7.3</u>	<u>\$ 24.2</u>	<u>\$ 23.5</u>	<u>\$ 31.0</u>	<u>\$ 30.8</u>

On May 3, 2010, Moody's Investors Service changed the ratings on some of the City's bonds in conjunction with the migration of US public finance ratings to the Moody's global rating scale. The City's previous rating from March 1998 of A3 was recalibrated to A1.

The City received proceeds of \$1.93 million from US Bank to purchase land for wastewater treatment plant expansion.

Additional information on the City's long-term obligations can be found in the Notes to the Basic Financial Statements on page 37 of this report.

**ECONOMIC FACTORS**

Providing stable funding for City services during the current economic recession poses a challenge for the next few years. The 2010-11 budget year is expected to be the last for quite some time where there will be any growth in property taxes due to new construction. In addition, other revenues related to new construction such as building inspections, system development fees, plan inspections, and other fees are all expected to diminish. The City recognizes that costs of providing services at the current level will increase at a faster rate than the revenue used to fund those services. The City's Budget Committee will be meeting early in the 2010-11 budget year to discuss this issue and what solutions might be available.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2010*

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Funding rising employee retirement costs will also be an issue. For 2011-12, the City's Public Employees Retirement System retirement rate is set to rise by an alarming amount. The City's employer contribution rates will increase between 68%-74% effective July 1, 2011.

Due to economic hardships, property tax remittances may be less than in previous years, utility billing collections may be more difficult, and the City's ability to raise rates to cover rising costs may be limited. Revenues that come directly from the State of Oregon are becoming scarce as well.

The City's utility infrastructure is in need of updates and expansion. The wastewater treatment plant in particular is nearing maximum capacity. However, raising utility rates in the midst of an economic recession is a tough sell to the citizenry.

More detail about the impacts of the economy on the City is found in the Letter of Transmittal.

**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:

Finance Director  
City of Newberg  
PO Box 970  
Newberg, OR 97132

**BASIC  
FINANCIAL  
STATEMENTS**

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## City of Newberg, Oregon

### STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-Type Activities	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 10,499,747	\$ 12,649,506	\$ 23,149,253
Receivables	978,218	1,054,640	2,032,858
Internal balances	(74,283)	74,283	-
Inventories	96,420	231,867	328,287
Pension assets	1,952,098	-	1,952,098
Other assets	37,819	-	37,819
Capital assets:			
Land and construction in progress	27,446,574	3,931,897	31,378,471
Other capital assets, net of depreciation	48,650,861	66,902,831	115,553,692
<b>Total assets</b>	<b>89,587,454</b>	<b>84,845,024</b>	<b>174,432,478</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	997,639	642,310	1,639,949
Deposits	9,742	-	9,742
Interest payable	54,053	558,786	612,839
Other postemployment benefit obligation	543,880	213,065	756,945
Long-term obligations:			
Due within one year	1,078,928	1,454,305	2,533,233
Due in more than one year	6,686,095	22,897,055	29,583,150
<b>Total liabilities</b>	<b>9,370,337</b>	<b>25,765,521</b>	<b>35,135,858</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	71,760,718	46,663,993	118,424,711
Restricted for:			
Capital projects	2,155,241	3,680,309	5,835,550
Debt service	190,799	-	190,799
Unrestricted	6,110,359	8,735,201	14,845,560
<b>Total net assets</b>	<b>\$ 80,217,117</b>	<b>\$ 59,079,503</b>	<b>\$ 139,296,620</b>

The notes to the basic financial statements are an integral part of this statement.

## City of Newberg, Oregon

### STATEMENT OF ACTIVITIES For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental activities:</u>				
General government	\$ 361,813	\$ 197,832	\$ 6,950	\$ -
Public safety	9,086,595	1,885,978	34,294	89,206
Library	1,183,292	110,247	29,536	3,559
Community development	4,085,772	891,764	954,470	-
Interest on long-term obligations	404,098	-	-	-
<u>Total governmental activities</u>	<u>15,121,570</u>	<u>3,085,821</u>	<u>1,025,250</u>	<u>92,765</u>
<u>Business-type activities:</u>				
Water	4,739,890	3,981,095	-	412,967
Wastewater	5,682,979	4,784,182	-	562,022
Storm Water	952,843	575,295	-	23,111
Emergency Medical Services	1,270,558	1,155,323	-	33,000
<u>Total business-type activities</u>	<u>12,646,270</u>	<u>10,495,895</u>	<u>-</u>	<u>1,031,100</u>
Totals	<u>\$ 27,767,840</u>	<u>\$ 13,581,716</u>	<u>\$ 1,025,250</u>	<u>\$ 1,123,865</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise and public service taxes

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets--beginning

Net assets--ending

The notes to the basic financial statements are an integral part of this statement

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Totals
\$ (157,031)	\$ -	\$ (157,031)
(7,077,117)	-	(7,077,117)
(1,039,950)	-	(1,039,950)
(2,239,538)	-	(2,239,538)
(404,098)	-	(404,098)
<u>(10,917,734)</u>	<u>-</u>	<u>(10,917,734)</u>
-	(345,828)	(345,828)
-	(336,775)	(336,775)
-	(354,437)	(354,437)
-	(82,235)	(82,235)
-	(1,119,275)	(1,119,275)
<u>(10,917,734)</u>	<u>(1,119,275)</u>	<u>(12,037,009)</u>
5,803,667	-	5,803,667
413,263	-	413,263
2,877,133	-	2,877,133
65,112	88,262	153,374
73,412	-	73,412
(134,080)	134,080	-
<u>9,098,507</u>	<u>222,342</u>	<u>9,320,849</u>
(1,819,227)	(896,933)	(2,716,160)
82,036,344	59,976,436	142,012,780
<u>\$ 80,217,117</u>	<u>\$ 59,079,503</u>	<u>\$ 139,296,620</u>

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## FUND FINANCIAL STATEMENTS

### **Major Governmental Funds**

- **General** - accounts for the financial operations of the city that are not required to be accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, intergovernmental revenue, and fines and forfeitures.
- **Street** - accounts for revenues received from state gasoline taxes which are to be expended as outlined in the Constitution of the State of Oregon, Article IX, Section 3.
- **Building Inspection** - accounts for fees collected to enforce the State Building Codes. Fund expenditures are related to the City's building inspection program.

# City of Newberg, Oregon

## GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2010

	General	Street	Building Inspection	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 2,845,912	\$ 66,885	\$ 314,830	\$ 5,287,555	\$ 8,515,182
Receivables:					
Accounts	189,575	84,828	293	58,550	333,246
Loans	-	-	-	64,880	64,880
Assessments	-	6,467	-	380	6,847
Taxes	528,360	-	-	40,575	568,935
Inventories	-	63,462	-	-	63,462
<b>Total assets</b>	<b>\$ 3,563,847</b>	<b>\$ 221,642</b>	<b>\$ 315,123</b>	<b>\$ 5,451,940</b>	<b>\$ 9,552,552</b>

<b>LIABILITIES</b>					
Accounts payable	244,036	30,548	4,854	173,079	452,517
Other accrued liabilities	10,109	13,895	9,798	7,106	40,908
Deposits	2,542	7,200	-	-	9,742
Interest payable	-	-	-	4,507	4,507
Deferred revenue	528,360	6,467	-	105,835	640,662
<b>Total liabilities</b>	<b>785,047</b>	<b>58,110</b>	<b>14,652</b>	<b>290,527</b>	<b>1,148,336</b>

<b>FUND BALANCES</b>					
Reserved for:					
Inventories	-	63,462	-	-	63,462
Debt service	-	-	-	150,224	150,224
Capital projects	-	-	-	2,155,241	2,155,241
Unreserved, reported in:					
General fund	2,778,800	-	-	-	2,778,800
Special revenue funds	-	100,070	300,471	2,438,980	2,839,521
Capital projects funds	-	-	-	416,968	416,968
<b>Total fund balances</b>	<b>2,778,800</b>	<b>163,532</b>	<b>300,471</b>	<b>5,161,413</b>	<b>8,404,216</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,563,847</b>	<b>\$ 221,642</b>	<b>\$ 315,123</b>	<b>\$ 5,451,940</b>	<b>\$ 9,552,552</b>

Reconciliation to the Statement of Net Assets \$ 8,404,216

The Statement of Net Assets reports receivables at their net realizable value. However, receivables not available to pay for current-period expenditures are deferred in governmental funds. 640,662

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciated value. 75,100,195

Prepaid pension and related costs are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net amortized value. 1,989,917

Long-term obligation are not due and payable in the current period and therefore are not reported in the funds:

Long-term debt	\$ 7,765,023	
Other postemployment benefits	543,880	
Accrued interest	49,546	(8,358,449)

Internal service funds are proprietary-type funds and not reported with governmental funds. However because internal service funds primarily benefit governmental activities, their assets, liabilities, and net assets are reported along with governmental activities in the Statement of Net Assets. 2,440,576

Net assets of governmental activities **\$ 80,217,117**

The notes to the basic financial statements are an integral part of this statement.

## City of Newberg, Oregon

### GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2010

	General	Street	Building Inspection	Other Governmental Funds	Totals
<u>Revenues</u>					
Property taxes	\$ 5,708,204	\$ -	\$ -	\$ 407,848	\$ 6,116,052
Other taxes	1,785,188	-	-	-	1,785,188
Licenses and permits	200,584	6,065	232,184	-	438,833
Fees	-	-	-	448,378	448,378
Intergovernmental	1,750,180	954,470	-	184,624	2,889,274
Charges for services	128,419	-	92,943	286,143	507,505
Fines and forfeitures	702,616	-	-	-	702,616
Facilities charge	-	-	-	112,910	112,910
Pension bond charge	-	-	-	182,172	182,172
Loan collections	-	-	-	42,725	42,725
Assessments	-	23,010	-	516	23,526
Donations	-	-	-	67,347	67,347
Interest	10,912	623	2,631	33,249	47,415
Miscellaneous	12,372	14,151	163	-	26,686
<b>Total revenues</b>	<b>10,298,475</b>	<b>998,319</b>	<b>327,921</b>	<b>1,765,912</b>	<b>13,390,627</b>
<u>Expenditures</u>					
Current:					
General government	238,015	-	-	31,924	269,939
Public safety	8,622,190	-	-	480,291	9,102,481
Library	1,107,189	-	-	21,778	1,128,967
Community development	669,780	1,098,705	578,646	184,881	2,532,012
Debt service:					
Principal	-	-	-	445,000	445,000
Interest	-	-	-	398,504	398,504
Capital outlay	-	-	-	467,193	467,193
<b>Total expenditures</b>	<b>10,637,174</b>	<b>1,098,705</b>	<b>578,646</b>	<b>2,029,571</b>	<b>14,344,096</b>
Excess of revenues over (under) expenditures	(338,699)	(100,386)	(250,725)	(263,659)	(953,469)
<u>Other financing sources (uses)</u>					
Transfers in	-	-	-	592,145	592,145
Transfers out	(19,639)	(31,172)	-	(496,973)	(547,784)
<b>Total other financing sources (uses)</b>	<b>(19,639)</b>	<b>(31,172)</b>	<b>-</b>	<b>95,172</b>	<b>44,361</b>
Net change in fund balances	(358,338)	(131,558)	(250,725)	(168,487)	(909,108)
Fund balances, July 1, 2009	3,137,138	295,090	551,196	5,329,900	9,313,324
<b>Fund balances, June 30, 2010</b>	<b>\$ 2,778,800</b>	<b>\$ 163,532</b>	<b>\$ 300,471</b>	<b>\$ 5,161,413</b>	<b>\$ 8,404,216</b>

The notes to the basic financial statements are an integral part of this statement.

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## City of Newberg, Oregon

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2010

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (909,108)</b>
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	
Property taxes	100,878
Notes and assessments	(39,209)
Repayments of long-term obligations use current financial resources and are reported as expenditures in governmental funds. However, the payment of debt principal is reported as a decrease in long-term obligations in the Statement of Net Assets.	
	445,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Compensated absences	(11,439)
Interest	3,897
Amortization of prepaid pension cost and related bond issuance costs	(111,065)
Other postemployment benefits	(151,101)
Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	
	50,394
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.	
Capital outlays	764,264
Depreciation	(1,693,528)
Capital asset transferred from a governmental activity to a business-type activity	(178,441)
Internal service funds are used by management to charge the costs of certain activities, such as administration and facilities and fleet services to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
	(89,769)
<b>Change in net assets of governmental activities</b>	<b>\$ (1,819,227)</b>

The notes to the basic financial statements are an integral part of this statement.

## City of Newberg, Oregon

### GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 5,417,856	\$ 5,417,856	\$ 5,708,204	\$ 290,348
Other taxes	1,635,800	1,635,800	1,785,188	149,388
Licenses and permits	458,150	458,150	200,584	(257,566)
Intergovernmental	1,747,548	1,772,548	1,750,180	(22,368)
Charges for services	132,138	132,138	128,419	(3,719)
Fines and forfeitures	657,000	657,000	702,616	45,616
Interest	31,200	31,200	10,912	(20,288)
Miscellaneous	7,000	7,000	12,372	5,372
<b>Total revenues</b>	<b>10,086,692</b>	<b>10,111,692</b>	<b>10,298,475</b>	<b>186,783</b>
<u>Expenditures</u>				
General government	266,787	267,787	238,015	29,772
Municipal court	299,851	299,851	285,450	14,401
Police	4,902,175	4,902,175	4,697,134	205,041
Fire	2,963,547	2,963,547	2,781,433	182,114
Communications	910,373	910,373	858,173	52,200
Library	1,200,859	1,355,859	1,107,189	248,670
Planning	687,527	712,527	669,780	42,747
Contingency	207,529	690,072	-	690,072
<b>Total expenditures</b>	<b>11,438,648</b>	<b>12,102,191</b>	<b>10,637,174</b>	<b>1,465,017</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,351,956)</b>	<b>(1,990,499)</b>	<b>(338,699)</b>	<b>1,651,800</b>
<u>Other financing sources (uses)</u>				
Transfers out	(27,000)	(46,639)	(19,639)	27,000
<b>Total other financing sources (uses)</b>	<b>(27,000)</b>	<b>(46,639)</b>	<b>(19,639)</b>	<b>27,000</b>
<b>Net change in fund balances</b>	<b>(1,378,956)</b>	<b>(2,037,138)</b>	<b>(358,338)</b>	<b>1,678,800</b>
Fund balances, July 1, 2009	2,478,956	3,137,138	3,137,138	-
<b>Fund balances, June 30, 2010</b>	<b>\$ 1,100,000</b>	<b>\$ 1,100,000</b>	<b>\$ 2,778,800</b>	<b>\$ 1,678,800</b>

**City of Newberg, Oregon**

STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Permits	\$ 10,000	\$ 10,000	\$ 6,065	\$ (3,935)
Intergovernmental	953,710	953,710	954,470	760
Charges for services	10,000	10,000	23,010	13,010
Interest	6,100	6,100	623	(5,477)
Miscellaneous	-	-	14,151	14,151
<b>Total revenues</b>	<b>979,810</b>	<b>979,810</b>	<b>998,319</b>	<b>18,509</b>
<u>Expenditures</u>				
Highways and streets	1,249,986	1,249,986	1,098,705	151,281
Contingency	77,947	77,947	-	77,947
<b>Total expenditures</b>	<b>1,327,933</b>	<b>1,327,933</b>	<b>1,098,705</b>	<b>229,228</b>
<b>Excess of revenues over expenditures</b>	<b>(348,123)</b>	<b>(348,123)</b>	<b>(100,386)</b>	<b>247,737</b>
<u>Other financing sources (uses)</u>				
Transfers out	(37,172)	(37,172)	(31,172)	6,000
<b>Total other financing sources (uses)</b>	<b>(37,172)</b>	<b>(37,172)</b>	<b>(31,172)</b>	<b>6,000</b>
<b>Net change in fund balances</b>	<b>(385,295)</b>	<b>(385,295)</b>	<b>(131,558)</b>	<b>253,737</b>
Fund balance, July 1, 2009	385,295	385,295	295,090	(90,205)
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 163,532</b>	<b>\$ 163,532</b>

**City of Newberg, Oregon**

BUILDING INSPECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 362,688	\$ 362,688	\$ 232,184	\$ (130,504)
Charges for services	20,000	20,000	92,943	72,943
Interest	1,000	1,000	2,631	1,631
Miscellaneous	-	-	163	163
<b>Total revenues</b>	<b>383,688</b>	<b>383,688</b>	<b>327,921</b>	<b>(55,767)</b>
<u>Expenditures</u>				
Inspection	611,863	611,863	578,646	33,217
Contingency	119,342	119,342	-	119,342
<b>Total expenditures</b>	<b>731,205</b>	<b>731,205</b>	<b>578,646</b>	<b>152,559</b>
<b>Excess of expenditures over revenues</b>	<b>(347,517)</b>	<b>(347,517)</b>	<b>(250,725)</b>	<b>96,792</b>
<b>Net change in fund balances</b>	<b>(347,517)</b>	<b>(347,517)</b>	<b>(250,725)</b>	<b>96,792</b>
Fund balance, July 1, 2009	347,517	347,517	551,196	203,679
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,471</b>	<b>\$ 300,471</b>

## Fund Financial Statements

### Proprietary Funds

The City of Newberg utilizes six Proprietary Funds made up of four Enterprise Funds and two Internal Service Funds. Enterprise Funds are used to account for acquisition, operation, and maintenance of the water, wastewater, and storm water systems. The City's emergency medical services are also accounted for in an Enterprise Fund. These funds are entirely or predominantly self-supported through user charges to customers. Internal Service Funds account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Proprietary Funds included are:

#### Enterprise

- **Water**
- **Wastewater**
- **Storm Water**
- **Emergency Medical Services**

#### Internal Service

- **Central Services** (Combined into "Governmental Activities Column")
- **Vehicle/Equipment Replacement Fund** (Combined into "Governmental Activities Column")

For budgetary purposes (see budget schedules in the Other Supplementary Data section), the Water, Wastewater, and Storm Water funds are accounted for in the following separate funds:

- **Water**
  - Water (operating)
  - Water Replacement Reserve
  - Water System Development
  - Water Financed CIPs
- **Wastewater**
  - Wastewater (operating)
  - Wastewater Replacement Reserve
  - Wastewater System Development
  - Wastewater Financed CIPs
- **Storm Water**
  - Storm Water (operating)
  - Storm Water System Development
- The **Proprietary Capital Projects Fund** and **Propriety Debt Service Fund** have transactions related to all three activities. The transactions have been consolidated accordingly for reporting purposes.

For generally accepted accounting principles purposes, these aforementioned funds and the **Emergency Medical Services Fund** are consolidated and included as four separate Enterprise Funds.

**City of Newberg, Oregon**

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

June 30, 2010

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Waste- Water	Storm Water	Emergency Medical Services	Totals	Internal Service Funds
<b>ASSETS</b>						
<u>Current assets</u>						
Cash and investments	\$ 6,590,656	\$ 4,509,576	\$ 1,073,009	\$ 269,696	\$ 12,442,937	\$ 2,191,134
Accounts and notes receivable	423,203	499,853	38,696	83,165	1,044,917	4,310
Interest receivable	6,320	3,403	-	-	9,723	-
Inventories	199,228	32,639	-	-	231,867	32,958
<b>Total current assets</b>	<b>7,219,407</b>	<b>5,045,471</b>	<b>1,111,705</b>	<b>352,861</b>	<b>13,729,444</b>	<b>2,228,402</b>
<u>Noncurrent assets</u>						
Capital assets, net of depreciation	30,601,399	30,990,422	8,744,968	497,939	70,834,728	997,240
Total noncurrent assets	30,601,399	30,990,422	8,744,968	497,939	70,834,728	997,240
<b>Total assets</b>	<b>37,820,806</b>	<b>36,035,893</b>	<b>9,856,673</b>	<b>850,800</b>	<b>84,564,172</b>	<b>3,225,642</b>
<b>LIABILITIES</b>						
<u>Current liabilities</u>						
Accounts payable and accrued liabilities	123,189	465,450	15,352	38,319	642,310	504,214
Interest payable	350,471	208,315	-	-	558,786	-
Compensated absences	67,029	62,856	21,010	29,730	180,625	218,426
Current portion of capital leases payable	-	-	-	-	-	65,735
Current portion of notes payable	658,915	614,765	-	-	1,273,680	-
<b>Total current liabilities</b>	<b>1,199,604</b>	<b>1,351,386</b>	<b>36,362</b>	<b>68,049</b>	<b>2,655,401</b>	<b>788,375</b>
<u>Long-term obligations</u>						
Capital leases payable, net of current portion	-	-	-	-	-	95,982
Notes payable, net of current portion	13,613,811	9,283,244	-	-	22,897,055	-
Other postemployment benefit obligation	83,142	78,732	18,546	32,645	213,065	94,759
<b>Total long-term obligations</b>	<b>13,696,953</b>	<b>9,361,976</b>	<b>18,546</b>	<b>32,645</b>	<b>23,110,120</b>	<b>190,741</b>
<b>Total liabilities</b>	<b>14,896,557</b>	<b>10,713,362</b>	<b>54,908</b>	<b>100,694</b>	<b>25,765,521</b>	<b>979,116</b>
<u>Net assets</u>						
Invested in capital assets, net of related debt	16,328,673	21,092,413	8,744,968	497,939	46,663,993	835,523
Restricted for system expansion	1,994,331	1,320,746	365,232	-	3,680,309	-
Unrestricted	4,601,245	2,909,372	691,565	252,167	8,454,349	1,411,003
<b>Total net assets</b>	<b>\$ 22,924,249</b>	<b>\$ 25,322,531</b>	<b>\$ 9,801,765</b>	<b>\$ 750,106</b>	<b>58,798,651</b>	<b>\$ 2,246,526</b>
					280,852	
Adjustment to reflect the combination of internal service fund activities related to enterprise funds.					<u>\$ 59,079,503</u>	
Net assets of business-type activities						

The notes to the basic financial statements are an integral part of this statement.

**City of Newberg, Oregon**

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS

For the Year Ended June 30, 2010

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Waste- Water	Storm Water	Emergency Medical Services	Totals	Internal Service Funds
<u>Operating revenues</u>						
Charges for services, net	\$ 3,878,707	\$ 4,731,106	\$ 566,799	\$ 1,155,077	\$ 10,331,689	\$ 3,424,539
Other	102,388	53,076	8,496	246	164,206	4,190
Total operating revenues	3,981,095	4,784,182	575,295	1,155,323	10,495,895	3,428,729
<u>Operating expenses</u>						
Personal services	1,483,900	1,439,423	427,116	814,846	4,165,285	2,017,373
Materials and services	1,546,866	2,362,352	243,141	391,358	4,543,717	1,199,554
Depreciation and amortization	1,091,087	1,444,898	282,701	64,459	2,883,145	304,156
Total operating expenses	4,121,853	5,246,673	952,958	1,270,663	11,592,147	3,521,083
Operating (loss)	(140,758)	(462,491)	(377,663)	(115,340)	(1,096,252)	(92,354)
<u>Nonoperating revenues (expenses)</u>						
System development	412,967	562,022	23,111	-	998,100	-
Interest revenue	49,662	29,984	6,439	2,177	88,262	13,664
Interest expense	(618,673)	(437,032)	-	-	(1,055,705)	(9,496)
Total nonoperating revenues (expenses)	(156,044)	154,974	29,550	2,177	30,657	4,168
Net (loss) before contributions and transfers	(296,802)	(307,517)	(348,113)	(113,163)	(1,065,595)	(88,186)
Transfers in (out)	(27,088)	(25,974)	-	(64,000)	(117,062)	72,701
Capital contributions	-	-	-	211,441	211,441	-
Change in net assets	(323,890)	(333,491)	(348,113)	34,278	(971,216)	(15,485)
Total net assets, July 1, 2009	23,248,139	25,656,022	10,149,878	715,828		2,262,011
Total net assets, June 30, 2010	\$ 22,924,249	\$ 25,322,531	\$ 9,801,765	\$ 750,106		\$ 2,246,526
Adjustment to reflect the combination of internal service fund activities related to enterprise funds.					74,283	
Change in net assets of business-type activities					\$ (896,933)	

## City of Newberg, Oregon

### PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Waste- Water	Storm Water	Emergency Medical Services	Totals	Internal Service Funds
<u>Cash flows from operating activities</u>						
Cash received from customers	\$ 3,958,680	\$ 4,682,841	\$ 572,101	\$ 1,153,811	\$ 10,367,433	\$ -
Cash paid to suppliers	(1,427,653)	(1,989,803)	(199,014)	(396,383)	(4,012,853)	(1,333,637)
Internal activity - interfund receipts (payments)	(103,228)	(183,984)	4,127	-	(283,085)	3,426,190
Cash paid to employees	(1,457,930)	(1,414,077)	(414,733)	(799,470)	(4,086,210)	(2,064,751)
Other receipts	18,666	7,254	4,369	246	30,535	4,190
Net cash provided by (used in) operating activities	988,535	1,102,231	(33,150)	(41,796)	2,015,820	31,992
<u>Cash flows from noncapital financing activities</u>						
Transfers in	-	-	-	(64,000)	(64,000)	72,701
Transfers out	(27,088)	(25,974)	-	-	(53,062)	-
Net cash provided by (used in) noncapital financing activities	(27,088)	(25,974)	-	(64,000)	(117,062)	72,701
<u>Cash flows from capital and related financing activities</u>						
Proceeds from loans	-	1,930,000	-	-	1,930,000	-
Principal paid on long-term obligations	(632,398)	(600,283)	-	-	(1,232,681)	(74,344)
Interest paid on long-term obligations	(584,068)	(307,766)	-	-	(891,834)	(9,496)
Capital grants	-	-	-	33,000	33,000	-
Purchases of capital assets	(476,563)	(3,021,679)	(52,646)	(27,854)	(3,578,742)	(97,239)
Developer contributions	430,124	563,660	23,111	-	1,016,895	-
Net cash (used in) capital and related financing activities	(1,262,905)	(1,436,068)	(29,535)	5,146	(2,723,362)	(181,079)
<u>Cash flows from investing activities</u>						
Interest received on investments	52,715	54,708	6,438	2,177	116,038	13,664
Net cash provided by investment activities	52,715	54,708	6,438	2,177	116,038	13,664
Net (decrease) in cash	(248,743)	(305,103)	(56,247)	(98,473)	(708,566)	(62,722)
Cash and investments, July 1, 2009	6,839,399	4,814,679	1,129,256	368,169	13,151,503	2,253,856
Cash and investments, June 30, 2010	\$ 6,590,656	\$ 4,509,576	\$ 1,073,009	\$ 269,696	\$ 12,442,937	\$ 2,191,134
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:						
Operating (loss)	\$ (140,758)	\$ (462,491)	\$ (377,663)	\$ (115,340)	\$ (1,096,252)	\$ (92,354)
<u>Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:</u>						
Depreciation	1,091,087	1,444,898	282,701	64,459	2,883,145	304,156
(Increase) decrease in accounts receivable	79,973	(48,265)	5,302	(1,266)	35,744	1,651
Decrease in inventory	(61,218)	(4,333)	-	-	(65,551)	(10,276)
Increase (decrease) in accounts payable	19,451	172,422	56,510	10,351	258,734	(171,185)
Net cash provided by (used in) operating activities	\$ 988,535	\$ 1,102,231	\$ (33,150)	\$ (41,796)	\$ 2,015,820	\$ 31,992
<u>Noncash capital activities</u>						
Borrowing under capital lease						\$ 337,821

The notes to the basic financial statements are an integral part of this statement.

## **Fiduciary Activities**

- **Statement of Fiduciary Net Assets** - Statement summarizing the assets of the City's retirement plan and the City of Newberg Bail Fund
- **Statement of Changes in Fiduciary Net Assets**-Statement reporting the changes in net assets of the City's retirement plan.

# City of Newberg, Oregon

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS

June 30, 2010

	Employees Retirement Plan Trust	Agency Fund
	<hr/>	<hr/>
<u>ASSETS</u>		
Cash	\$ -	\$ 82,603
Government securities	948,990	-
Large cap stocks	4,066,620	-
Real estate	713,747	-
Bonds & mortgages	4,828,332	-
International stocks	1,346,119	-
Small cap stocks	813,086	-
<b>Total assets</b>	<b>12,716,894</b>	<b>82,603</b>
<u>LIABILITIES</u>		
Accounts payable	-	82,603
<b>Total liabilities</b>	<b>-</b>	<b>82,603</b>
<u>NET ASSETS</u>		
<b>Net assets held in trust for pension benefits</b>	<b>\$ 12,716,894</b>	<b>\$ -</b>

The notes to the basic financial statements are an integral part of this statement.

# City of Newberg, Oregon

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the year ended June 30, 2010

	<u>Employees Retirement Plan Trust</u>
<u>Additions</u>	
Contributions	
City of Newberg	\$ 682,205
Members	181,983
<u>Total contributions</u>	<u>864,188</u>
Investment income	
Investment losses	1,584,976
<u>Total investment income</u>	<u>1,584,976</u>
<u>Total additions</u>	<u>2,449,164</u>
<u>Deductions</u>	
Payments to retirees	923,839
Expenses	41,515
<u>Total deductions</u>	<u>965,354</u>
Net decrease	1,483,810
Net assets, July 1, 2009	11,233,084
<u>Net assets, June 30, 2010</u>	<u>\$ 12,716,894</u>

The notes to the basic financial statements are an integral part of this statement.

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**NOTES TO THE  
BASIC FINANCIAL STATEMENTS**

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# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### REPORTING ENTITY

The Town of Newberg was incorporated in 1889, and the current City of Newberg, Yamhill County, Oregon was incorporated as a municipal corporation on February 10, 1893, under the name of "City of Newberg." The present charter was enacted in 1982 and amended in November 2006. The City operates under a Council-City Manager form of government. The governing body consists of six council members and a mayor. The mayor and council are each elected to serve a four-year term. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The City has no component units as defined by generally accepted accounting principles. The general criteria for including entities as part of the City is financial accountability by the City, and any situation where an entity might have such significance that its exclusion would cause the City's financial statements to be misleading or incomplete. The City has determined no entities meet these criteria.

#### Fund Accounting

The accounts of the City are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses).

#### BASIC FINANCIAL STATEMENTS

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the City as an entity and the change in aggregate financial positions resulting from the activities of the fiscal year. The two statements in this category are the Statement of Net Assets and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a governmental function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Fund financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated into a single column within each fund type in the financial section of the basic financial statements.

### **Basis of Presentation**

The financial transactions of the City are recorded within individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds as major funds which had a specific community focus. Non-major funds are aggregated in a column in the fund financial statements.

The City reports the following major governmental funds:

- *General*

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, licenses and permits, and intergovernmental revenues. Primary expenditures are for general government, police and fire protection services, communications, library, and planning.

- *Street*

This fund accounts for revenues received from state gasoline taxes. Expenditures out of this fund are limited to maintaining the City's street system. One percent of the gasoline tax is dedicated to bicycle paths.

- *Building Inspection*

This fund accounts for building and plumbing inspection fees collected to enforce the State Building Codes. Fund expenditures are used to operate the City's inspection program.

The City reports each of its four proprietary activities as major funds. The funds are used to account for the acquisition, operation, and maintenance of water, wastewater, storm water, and emergency medical services. These funds are entirely or predominately self-supporting through user charges to customers.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

The City reports the following proprietary funds:

- *Water*  
Water Fund (budgetary basis financial statements only)  
Water Replacement Reserve Fund (budgetary basis financial statements only)  
Water System Development Fund (budgetary basis financial statements only)  
Water Financed CIP Fund (budgetary basis financial statements only)
- *Wastewater*  
Wastewater Fund (budgetary basis financial statements only)  
Wastewater Replacement Reserve Fund (budgetary basis financial statements only)  
Wastewater System Development Fund (budgetary basis financial statements only)  
Wastewater Financed CIP Fund (budgetary basis financial statements only)
- *Storm Water*  
Storm Water Fund (budgetary basis financial statements only)  
Storm Water System Development Fund (budgetary basis financial statements only)

The *Proprietary Capital Projects Fund* and *Proprietary Debt Service Fund* account for capital projects and debt service for all three utilities and are reported only on a budgetary basis.

- *Emergency Medical Services*  
Emergency Medical Services

Additionally, the City reports the following fund types:

- *Internal Service Funds*  
Internal service funds account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City's internal service funds include Administrative Support Services and Vehicle/Equipment Replacement. The aggregate of all internal service funds are reflected in the fund financial statements.
- *Fiduciary Funds*  
Pension Trust - City of Newberg Employees Retirement Plan accounts for the accumulation of resources for pension benefit payments to qualified public employees.

Agency – Accounts for bail payments held in trust related to the City's Municipal Court.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### Measurement Focus and Basis of Accounting

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

The government-wide, proprietary fund, and fiduciary financial statements are accounted for using an economic resources measurement focus, whereby all assets and liabilities are included in the Statements of Net Assets and the Statement of Fiduciary Fund Net Assets. The increases and decreases in net assets are presented in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Agency funds report only assets and liabilities, therefore these funds do not have a measurement focus.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

The City's government-wide and proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statement and Interpretations, Accounting Principals Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. The City has elected to not follow FASB pronouncements issued after November 30, 1989.

Governmental Fund Financial Statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period (except property taxes which uses a 30 day collection period). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Property taxes, franchise fees, state shared revenues, 911 taxes and lodging tax associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

A deferred revenue liability arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable deferred revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the Government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principle ongoing operations. The principal operating revenues for the City's Water, Wastewater, Storm Water, and Emergency Services Funds are charges to customers for sales and services. The Water, Wastewater, and Storm Water Funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and overhead and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **ASSETS, LIABILITIES, AND EQUITY**

#### **Cash and Investments**

Investments included in cash and investments are stated at cost, which is approximate to the fair value. Investments with a remaining maturity of more than one year are reported in accordance with GASB Statement No. 31. Interest earned on pooled cash and investments is allocated monthly based on each funds ending cash balance as a proportion of the City's total pooled cash and investments. For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly liquid debt instruments purchased with a maturity of three months or less.

Investments in the pension trust fund are stated at fair value.

#### **Receivables**

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivable and payables are classified as "Due from other funds" or "Due to other funds" in the fund financial statements.

In the government-wide financial statements, all interfund receivables and payables are combined and any residual balances between the governmental and business-type activities are reported as "Internal balances."

Recorded property taxes receivable that are collected within 30 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collections dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessment liens receivable are recognized at the time property owners are assessed for property improvement. Assessment liens receivable are offset by deferred revenue and, accordingly, have not been recognized as revenue.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Accounts receivable in the proprietary funds are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

### **Inventories and Prepaid Items**

Inventories of materials and supplies for governmental fund types and enterprise funds are stated at cost on a first-in, first-out basis and charged to expenses as used.

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

### **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, signals and lighting systems. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In the government-wide statements, capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

<u>Category</u>	<u>Estimated Life</u>
Building and improvements	10 to 45 years
Equipment	3 to 30 years
Software	3 to 7 years
Utility systems	50 years
Infrastructure	20-50 years

One half year of depreciation is taken in the year the assets are acquired or retired. Gain or losses from sales or retirements of capital assets are included in operations of the current period.

### **Compensated Absences**

Accumulated compensated absence pay is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds. A liability for these amounts is reported in governmental funds only if

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

they have matured, for example, as a result of employee-resignations and retirements. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

Sick pay, which does not vest, is recognized in all funds when leave is taken.

### **Long-term Obligations**

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities of the applicable governmental activities and business-type activities. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds, if material.

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

All long-term debt payments are paid out of one of two funds. The Debt Service Fund makes payments on governmental activity debt and the Proprietary Debt Service Fund makes payments on business-type activity debt.

### **Fund Equity**

Tentative plans for utilization of fund balances in future periods are recorded as designations of fund balance in the fund financial statements. Planned expenditures include future capital projects, debt service, equipment purchases and other commitments for which fund balances have not been appropriated or specifically segregated.

### **Retirement Plan**

Some of the City's employees are participants in the City of Newberg Employees Retirement Plan. Contributions to the plan are made on a current basis as required by the plan and are charged to expenditures or expenses when due and the employer has made a formal commitment to provide the contribution.

The assets of the plan are invested in various mutual funds. The City pays the investment expenses of the plan.

### **Use of Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY BUDGETARY INFORMATION**

Annual budgets for all funds are adopted on the modified accrual basis of accounting consistent with Oregon Revised Statutes (ORS 294-Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

Each spring, the City Manager submits a proposed budget to the Budget Committee (consisting of the City Council, mayor, and an equal number of citizens of the City). The City is required to budget all funds. For all

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

fund types, interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated revenues and expenditures are budgeted for by fund and object. Information on the past two years' actual revenues and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the City Council for adoption. The approved expenditures for each fund may not be increased by more the 10% by Council without returning to the Budget Committee for approval. After the Council adopts the budget and certifies the total of *ad valorem* taxes to be levied, no additional tax levy may be made for that fiscal year.

The City Council adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. Totals by department, capital outlay, transfers and debt service are levels of control established by the resolution. Appropriations lapse as of the year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by the Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the City Council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within a level of control, but cannot make changes to the level of control totals themselves. During the fiscal year ended June 30, 2010, City Council approved two supplemental budget resolutions.

### **3. DETAILED NOTES ON ALL FUNDS**

#### **POOLED DEPOSITS AND INVESTMENTS**

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

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

Cash and investments are comprised of the following at June 30, 2010:

Cash on hand	\$	2,675
Cash with county treasurer		129,645
Deposits with financial institutions		1,938,413
Investments		<u>33,878,017</u>
Total cash and investments	\$	<u><u>35,948,750</u></u>

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

The City's position in the LGIP at June 30, 2010 is stated at cost which approximates fair value.

#### **Credit Risk**

Oregon statutes and the City's investment policy authorize the City to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the LGIP. The pension trust is authorized to invest in a variety of debt and equity securities.

As of June 30, 2010, the City had the following investments:

Investments	Maturities	Total	Fair Value	Credit Risk
Federal Home Loan Bank	Less than 1 year	\$ 475,000	\$ 475,147	Aaa
Federal Home Loan Bank	12-18 months	225,000	225,140	Aaa
Local Government Investment Pool	Less than 1 year	20,461,123	20,461,123	Not Rated
Mutual Funds (Pension Trust)	N/A	<u>12,716,894</u>	12,716,894	Various
Total investments		<u><u>\$ 33,878,017</u></u>		

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### **Interest Rate Risk**

The City's policy to manage its exposure to fair-value losses arising from increases in interest rates is to set guidelines for portfolio maturities. At least 50 % of the City's investment portfolio must mature within 90 days. Up to 25% of the portfolio may mature in over one year. No investments may mature in over 18 months.

### **Concentration of Credit Risk**

The City has a formal policy that places a limit on the amount that may be invested in any one issuer. Investments in Bankers Acceptances, Certificates of Deposit, and Repurchase Agreements are limited to 25% of the portfolio. No more than 50% of the portfolio shall be in governmental agencies. 88% of the City's investments, other than the Pension Trust investments, are in the State Treasurer's Investment Pool.

### **Custodial Credit Risk – Investments**

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. Investments, other than the Pension Trust investments, amounting to \$700,000 have custodial credit risk because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is the counterparty to those securities. The City does not have a formal policy relating to custodial credit risk.

### **Custodial Credit Risk – Deposits**

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home loan Bank of Seattle in the name of the institution. As of June 30, 2010, \$1,066,766 of the City's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent, but not in the City's name.

Cash and investments by activity/fund:

#### Governmental

General	\$ 2,845,912
Street	66,885
Building Inspection	314,830
Other Governmental Funds	5,287,555
Total governmental funds	<u>8,515,182</u>
Internal Service Fund cash allocated to governmental activities	1,984,565
Total governmental activities	<u>10,499,747</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

Cash and investments by activity/fund (continued):

#### Business-type/Proprietary Funds

Enterprise	
Water	6,590,656
Wastewater	4,509,576
Storm Water	1,073,009
Emergency Medical Services	269,696
Total Enterprise Funds	12,442,937
Internal Service Fund cash allocated to business-type activities	206,569
Total business-type activities	12,649,506

#### Fiduciary Funds

City of Newberg Employees Retirement Plan	12,716,894
Agency Fund - Bail	82,603
Total fiduciary funds	12,799,497

Total cash and investments	\$ 35,948,750
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### **RECEIVABLES**

Receivables as of year-end for the City's individual, major, and non-major funds in the aggregate. No allowance for uncollectible accounts is necessary because the majority of receivables relate to properties that the City has instituted a lien against in the case of payment default.

Fund	Accounts	Loans	Assessments	Taxes	Interest	Totals
<b>Governmental</b>						
General	\$ 189,575	\$ -	\$ -	\$ 528,360	\$ -	\$ 717,935
Street	84,828	-	6,467	-	-	91,295
Building Inspection	293	-	-	-	-	293
Other	58,550	64,880	380	40,575	-	164,385
<b>Business-Type/(Proprietary)</b>						
Enterprise						
Water	339,791	-	83,412	-	6,320	429,523
Wastewater	492,587	-	7,266	-	3,403	503,256
Storm Water	38,696	-	-	-	-	38,696
Emergency Medical Services	83,165	-	-	-	-	83,165
Internal Service	4,310	-	-	-	-	4,310
	\$ 1,291,795	\$ 64,880	\$ 97,525	\$ 568,935	\$ 9,723	\$ 2,032,858

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

#### **Interfund Receivables, Payables, and Transfers**

The interfund transfer activity for fiscal year ended June 30, 2010 is as follows:

	Transfers From Other Funds	Transfers To Other Funds
Governmental Funds:		
General	\$ -	\$ 19,639
Street	-	31,172
Other Governmental Funds	592,145	496,973
Enterprise Funds:		
Water	-	27,088
Wastewater	19,639	45,613
Emergency Medical Services	-	64,000
Internal Service Funds	72,701	-
	\$ 684,485	\$ 684,485

Interfund transfers are used to pay administrative services, provide for debt service, contribute toward capital projects costs, and provide operational resources.

During 2009-10, the Wastewater Fund borrowed \$1,930,000 from US Bank to purchase land for facility expansion. A parcel of the property will also be used to house a new Animal Shelter Facility at an estimated value of \$86,801. The General Fund will be repaying the Wastewater Fund for the Animal Shelter parcel over 5 years at an interest rate of 4.2%. The balance at June 30, 2010 is \$70,813.

#### **OTHER ASSETS-PREPAID PENSION COSTS**

The City's government-wide statements include a prepaid pension cost asset of \$1,952,098; as a result of Limited Tax Pension Bonds issued in May 2004 to pay off the estimated unfunded actuarial liability to the OPERS retirees. This prepaid cost is being amortized over the life of the debt and the expense is allocated to the applicable governmental activities. Amortization expense by activity for June 30, 2010 was: \$104,527 to Public Safety, \$2,161 to Library, and \$4,377 to Community Development.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

#### CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2010 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,049,821	\$ -	\$ -	\$ 1,049,821
Right of way	26,189,099	-	-	26,189,099
Construction in progress	98,106	341,968	(232,420)	207,654
<b>Total capital assets not being depreciated</b>	<b>27,337,026</b>	<b>341,968</b>	<b>(232,420)</b>	<b>27,446,574</b>
<b>Capital assets being depreciated:</b>				
Building and improvements	10,416,409	-	-	10,416,409
Equipment	6,875,737	694,923	(196,639)	7,374,021
Infrastructure	64,540,890	134,314	-	64,675,204
<b>Total capital assets being depreciated</b>	<b>81,833,036</b>	<b>829,237</b>	<b>(196,639)</b>	<b>82,465,634</b>
<b>Less accumulated depreciation for:</b>				
Building and improvements	(2,907,411)	(230,267)	-	(3,137,678)
Equipment	(4,810,272)	(480,638)	18,198	(5,272,712)
Infrastructure	(24,117,604)	(1,286,779)	-	(25,404,383)
<b>Total accumulated depreciation</b>	<b>(31,835,287)</b>	<b>(1,997,684)</b>	<b>18,198</b>	<b>(33,814,773)</b>
<b>Total capital assets being depreciated, net</b>	<b>49,997,749</b>	<b>(1,168,447)</b>	<b>(178,441)</b>	<b>48,650,861</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 77,334,775</b>	<b>\$ (826,479)</b>	<b>\$ (410,861)</b>	<b>\$ 76,097,435</b>

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 95,451
Public safety	254,388
Library	33,113
Community development	1,310,576
Depreciation incurred in internal service funds charged to various governmental functions/programs	<u>304,156</u>
<b>Total</b>	<b>\$ 1,997,684</b>

Capital assets of the internal service funds are included in the governmental activities. For the fiscal year ended June 30, 2010, internal service fund capital assets, net of depreciation were \$997,240.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

Capital asset activity for business-type activities for the year ended June 30, 2010 was as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,634,425	\$ 1,941,743	\$ -	\$ 3,576,168
Construction in progress	860,107	1,428,367	(1,932,745)	355,729
Total capital assets not being depreciated	<u>2,494,532</u>	<u>3,370,110</u>	<u>(1,932,745)</u>	<u>3,931,897</u>
Capital assets being depreciated:				
Building and improvements	39,626,852	-	-	39,626,852
Equipment	13,390,540	1,368,556	(11,738)	14,747,358
Utility systems	45,031,586	835,646	-	45,867,232
Total capital assets being depreciated	<u>98,048,978</u>	<u>2,204,202</u>	<u>(11,738)</u>	<u>100,241,442</u>
Less accumulated depreciation for:				
Building and improvements	(10,149,300)	(1,343,727)	-	(11,493,027)
Equipment	(9,032,366)	(628,516)	11,738	(9,649,144)
Utility systems	(11,285,538)	(910,902)	-	(12,196,440)
Total accumulated depreciation	<u>(30,467,204)</u>	<u>(2,883,145)</u>	<u>11,738</u>	<u>(33,338,611)</u>
Total capital assets being depreciated, net	<u>67,581,774</u>	<u>(678,943)</u>	<u>-</u>	<u>66,902,831</u>
Business-type activities capital assets, net	<u>\$ 70,076,306</u>	<u>\$ 2,691,167</u>	<u>\$ (1,932,745)</u>	<u>\$ 70,834,728</u>

Depreciation expense for business-type activities for the year ended June 30, 2010 was as follows:

Water	\$ 1,091,087
Wastewater	1,444,898
Storm Water	282,701
Emergency Medical Services	64,459
Total	<u>\$ 2,883,145</u>

#### CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2010. At year end, the City's commitments with contractors are as follows:

<u>Project Name</u>	<u>June 30, 2010 Spent to Date</u>	<u>Remaining Commitment</u>
Highway 240 Wastewater Pump Station	\$ 81,601	\$ 1,672,287
Second Street Road Improvements	128,516	326,606
Total	<u>\$ 210,117</u>	<u>\$ 1,998,893</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

#### CAPITAL LEASES

The City has entered into noncancellable agreements for the lease of various equipment items. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Gross assets of \$369,341 and accumulated depreciation of \$172,063 have been recorded under capital leases as of June 30, 2010.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

Year Ending June 30,	Governmental activities	
	Principal	Interest
2011	\$ 75,026	\$ 8,214
2012	78,719	4,520
2013	7,972	638
Totals	<u>\$ 161,717</u>	<u>\$ 13,372</u>

#### LONG-TERM OBLIGATIONS

In the following paragraphs, long-term debt information is presented separately with respect to governmental and business-type activities. The table below presents current year changes in long-term debt, and the current portions due for each issue.

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 698,376	\$ 568,832	\$ (528,902)	\$ 738,306	\$ 528,902
General Obligation Bonds					
Police Building 1997A	1,360,000	-	(160,000)	1,200,000	170,000
Fire Facilities 1998A	1,165,000	-	(120,000)	1,045,000	130,000
Certificates of Participation	2,075,000	-	(145,000)	1,930,000	150,000
Limited Tax Pension Bonds	2,710,000	-	(20,000)	2,690,000	25,000
Capital Lease Obligations	205,265	30,796	(74,344)	161,717	75,026
Total Notes and Bonds	<u>7,515,265</u>	<u>30,796</u>	<u>(519,344)</u>	<u>7,026,717</u>	<u>550,026</u>
Total Governmental Activities	<u>\$ 8,213,641</u>	<u>\$ 599,628</u>	<u>\$(1,048,246)</u>	<u>\$ 7,765,023</u>	<u>\$ 1,078,928</u>
<b>Business-type Activities</b>					
Compensated Absences	\$ 186,879	\$ 188,298	\$ (194,552)	\$ 180,625	\$ 180,625
Notes Payable, OECCD					
Wastewater	8,364,831	-	(407,283)	7,957,548	421,765
Water	14,828,131	-	(632,194)	14,195,937	658,915
Unamortized note premium	295,000	-	(14,750)	280,250	-
Notes Payable US Bank					
Wastewater	-	1,930,000	(193,000)	1,737,000	193,000
Capital Lease Obligations	201	-	(201)	-	-
Total Notes and Bonds	<u>23,488,163</u>	<u>1,930,000</u>	<u>(1,247,428)</u>	<u>24,170,735</u>	<u>1,273,680</u>
Total Business-type Activities	<u>\$ 23,675,042</u>	<u>\$ 2,118,298</u>	<u>\$(1,441,980)</u>	<u>\$ 24,351,360</u>	<u>\$ 1,454,305</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Long-term obligations of the internal service funds are included in the governmental activities. As of June 30, 2010, internal service fund long-term obligations were \$160,494 and the compensated absence balance was \$218,426. Also, for the governmental activities, compensated absences are generally liquidated by the General, Street, Administrative Services, and Building Inspection Funds.

### **GOVERNMENTAL ACTIVITIES**

#### **General Obligation Bonds**

The City issued general obligation (GO) bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both -governmental and business-type activities. General obligation bonds reported in the business-type activities are expected to be repaid from enterprise revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-25 year serial bonds, except for refunding issues, with equal amounts of principal maturing each year.

GO bonds currently outstanding are as follows:

#### Governmental activities:

Police Building 1997A	3.7-5.4%	\$ 1,200,000
Fire Facilities 1998A	4.0-5.1%	1,045,000
		\$ 2,245,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending <u>June 30,</u>	Governmental activities	
	Principal	Interest
2011	\$ 300,000	\$ 111,668
2012	315,000	96,347
2013	330,000	79,997
2014	350,000	62,780
2015	370,000	44,025
2016-2017	580,000	33,450
Totals	\$ 2,245,000	\$ 428,267

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

#### Certificates of Participation

The City has issued Certificates of Participation (COP) as a means to finance certain improvements. During December 1999, the City used COP proceeds to completely remodel City Hall. A privilege tax and City Hall fee were instituted to help make the semi-annual payments on the COP. The full faith and credit pledge of the City's General Fund backs the obligation. Payments are made each year out of the debt service fund. The utility funds pay a facility charge to the debt service fund for use of the City Hall building.

	Interest rates	Ending balance
Certificates of Participation	4.00-5.35%	\$ 1,930,000

Debt service requirements on Certificates of Participation to maturity are as follows:

Year Ending June 30,	Governmental activities	
	Principal	Interest
2011	\$ 150,000	\$ 103,060
2012	160,000	95,075
2013	165,000	86,543
2014	175,000	77,445
2015	185,000	67,725
2016-2020	1,095,000	165,635
Totals	\$ 1,930,000	\$ 595,483

#### Limited Tax Pension Bonds

During May 2004, the City issued Limited Tax Pension Bonds to finance a portion of the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System (OPERS). The pension bonds are to be repaid from a monthly payroll charge on OPERS wages. On the government-wide statements, this liability is classified as a governmental activity obligation. The bonds mature over the next 20 years at interest rates ranging from 4.596% to 6.095%. Final maturity is June 2028. Future debt service payments are as follows:

Year Ending June 30,	Governmental activities	
	Principal	Interest
2011	\$ 25,000	\$ 161,190
2012	35,000	159,890
2013	45,000	158,053
2014	55,000	155,646
2015	70,000	152,581
2016-2020	565,000	686,967
2021-2025	1,085,000	459,522
2026-2028	810,000	91,120
Totals	\$ 2,690,000	\$ 2,024,969

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### **BUSINESS-TYPE ACTIVITIES**

#### **Notes Payable**

In 1999, the City borrowed on a note from the State's Special Public Works Fund to develop street, water and sewer improvements on vacant land at the east end of the City. The note is repaid from user charges within the Water and Wastewater Funds, but a full faith and credit pledge of the City's General Fund backs the obligation. The note carries an interest rate of 4.74% over its twenty-year term. The note has a final maturity date in December 2018, and an outstanding balance of \$512,793 as of June 30, 2010.

The City also borrowed \$4,700,000 from Business Oregon to build a new water reservoir and transmission line during fiscal year 2003. Water service user charges and system development fees provide the funding for debt service payments, and this note carries a full faith and credit pledge of the City's General Fund as additional security. The note carries a varying interest rate of 3.0%-4.75% over its twenty-year term. The note has a final maturity date in December 2022, and an outstanding balance of \$3,422,117 as of June 30, 2010.

During fiscal year 2004, the City borrowed \$2,810,000 from Business Oregon to make substantial improvements to the compost odor control mechanism and headworks system at the wastewater treatment plant. Additional improvements were also made to the College Street sewer system. Sewer service user charges and system development fees provide the funding for debt service payments, and this note carries a full faith and credit pledge of the City's General Fund as additional security. The note carries a varying interest rate of 3.0%-4.30% over its fifteen-year term. The note has a final maturity date in December 2019, and an outstanding balance of \$1,851,105 as of June 30, 2010.

During fiscal year 2006-07, the City borrowed \$6,670,000 from Business Oregon to expand the capacity of the Water Treatment Plant and to drill a new well. Water system development fees will provide the funding for debt service payments, however, water user fees have been specifically pledged. The note also carries a full faith and credit pledge of the City's General Fund as additional security. The note carries a varying interest rate of 4.0%-4.375% over its twenty-year term. The note has a final maturity date in December 2026, and an outstanding balance of \$6,025,072 as of June 30, 2010.

The City also entered into an additional loan agreement with Business Oregon in 2006-07 to construct a new water supply pipeline to the Water Treatment Plant. The portion funded by loan proceed was \$2,644,815. Water user charges and system development fees will provide the funding for debt service payments. Water user charges have been pledged as well as the full faith and credit pledge of the City's General Fund as additional security. The note carries a varying interest rate of 4.0%-4.375% over its twenty-year term. The note has a final maturity date in December 2026, and an outstanding balance of \$2,391,250 as of June 30, 2010.

The City borrowed \$8,230,632 from Business Oregon starting during 2007-08 to implement effluent reuse capabilities at the Wastewater Treatment Plant and to install a new generator. The project initially was funded via an interim financing agreement with the State of Oregon. Upon conversion of financing to a permanent loan, the State of Oregon issued bonds related to the project at a premium and allocated a portion to each of the participating entities. The City's portion of the premium was \$295,000. This premium will be amortized over the life of the loan. The interest rates on the loan range from 3% to 5.25%. Final maturity is December 31, 2028. At June 30, 2010, the outstanding balance was \$7,951,148. Water and wastewater system revenues have been pledged to repay the debt.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

Future debt service requirements are as follows:

Year Ending <u>June 30,</u>	Business-type activities	
	Principal	Interest
2011	\$ 1,080,680	\$ 942,288
2012	1,112,269	903,870
2013	1,159,223	863,605
2014	1,201,794	819,529
2015	1,244,773	773,117
2016-2020	6,652,938	3,059,242
2021-2025	6,112,915	1,657,032
2026-2029	3,588,893	371,842
Totals	\$ 22,153,485	\$ 9,390,525

Several of the loans for water system expansion have debt covenant provisions with Business Oregon. The City's water system net revenues are required to be 120% of the annual debt service requirements. For fiscal year 2009-10, the City was not in compliance with these provisions. Water rates will be increased in future fiscal years to ensure compliance with debt covenant provisions.

The City financed the purchase of land for future expansion of the wastewater treatment plant and other facilities in July of 2009. The loan was with US Bank in the amount of \$1,930,000 for a 10-year term. The interest rate is 4.25% annually and the loan matures in April 2019. Future debt payments are as follows:

Year Ending <u>June 30,</u>	Business-type activities	
	Principal	Interest
2011	193,000	72,954
2012	193,000	64,848
2013	193,000	56,742
2014	193,000	48,636
2015	193,000	40,530
2016-2019	772,000	81,060
	\$ 1,737,000	\$ 364,770

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### 4. OTHER INFORMATION

#### **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 is a member of the City County Insurance Services (CCIS), a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CCIS for its insurance coverage. Based on the experience of the City and pool, the City may be liable for an additional premium of up to approximately 20% of its initial premium or it may receive a refund. The City has never had to pay an additional premium. Predetermined limits and deductible amounts are stated in the policy.

The City continues to carry commercial insurance for most other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **DEFERRED COMPENSATION PLAN**

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457 available to all employees. The plan permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the City's plan are held in trust by the plan administrator for the sole benefit of the participants and are not assets or liabilities of the City.

#### **OTHER POST-EMPLOYMENT BENEFITS**

##### Plan Description and Benefits Provided

The City provides other post-employment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2) retirees are allowed to continue, at the retirees' expense, coverage under the group health insurance plan of the City until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

##### Membership

The City's membership in the plan at July 1, 2008 (the date of the most current actuarial valuation) consisted of the following:

Active employees	142
Retirees, spouses or dependents	<u>10</u>
Total	<u><u>152</u></u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

#### Funding Policy and Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The premium requirements, for both the City and participating retirees, vary depending upon the coverage options selected by the participants as follows:

	Single	Two-party	Family
City Insurance Services	\$ 576.04	\$ 1,176.61	\$ 1,643.40

The City has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

#### Annual OPEB Cost and Net OPEB Obligation

The City had its most recent actuarial valuation performed as of July 1, 2008 to determine the unfunded accrued actuarial liability (UAAL), annual required contribution (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following schedule shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan:

Annual Required Contribution	\$ 356,643
Interest on net OPEB obligation	22,379
Adjustment to annual required contribution	35,103
Annual OPEB cost	343,919
Contributions made	84,284
Increase in net OPEB obligation	259,635
Net OPEB obligation - beginning of year	497,310
Net OPEB obligation - end of year	\$ 756,945

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 343,919	\$ 25%	\$ 756,945
June 30, 2009	\$ 343,003	\$ 24%	\$ 497,310
June 30, 2008	\$ 325,746	\$ 27%	\$ 236,845

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of plan assets and the unfunded actuarial liability.

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
July 1, 2008	\$ -	\$ 1,897,735	\$ 1,897,735	0%	\$ 9,909,168	19%
July 1, 2006	-	1,708,730	1,708,730	0%	8,129,507	21%

### Actuarial Methods and Assumptions

Actuarial valuations will be performed every two years for the City's OPEB plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 4.5 percent rate for discounting future liabilities, a payroll growth rate of 3.75 percent per year, annual premium rate increases from 10 percent initially in 2009 declining to 5 percent in 2039, and participation rate of 70 percent of future retirees electing coverage under the plan. The unfunded actuarial accrued liability is being amortized using the level-dollar method over a rolling period of 15 years.

## **RETIREMENT PLANS**

### ***SINGLE-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN***

#### Plan Description

The City contributes to a single-employer defined benefit retirement plan covering substantially all full-time employees who are not participants in the Oregon Public Employees Retirement System. The plan is known as the City of Newberg Employees Retirement Plan and it is administered by the City. The plan is funded with an insurance company through group annuity contracts. The plan does not issue stand-alone financial reports.

The City of Newberg Employees Retirement Plan is open to new entrants, with the exception of management, police and fire employees. There are 73 active members, 57 retired members who receive benefits, 10 vested terminated members, for a total membership of 140.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

All full-time City employees (except as noted above) are eligible to participate. Benefits vest after five years of service and provide for death and disability benefits. General employees who retire at or after age sixty are entitled to an annual retirement benefit, payable monthly for life. The monthly retirement benefit is equal to 1.67% of the employee's final average pay multiplied by their years of service. Fire and police employees who retire at or after age fifty-eight are entitled to an annual retirement benefit, payable monthly for life. The monthly retirement benefit is equal to 2.00% of the employee's final average pay multiplied by their years of service. These benefit provisions and all other requirements are established by state statute and City ordinance. The costs of administering the plans are financed by investment earnings. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

#### Funding Policy

The employees are required to contribute 6% of gross pay to the plan in order to participate. Currently, the City picks up the member contribution on behalf of six employees. The City contributes amounts over 6% that are actuarially determined (see Six-Year Historical Trend Information below). The funding method used in this valuation is the individual entry age normal actuarial cost method. The actuarial value of assets is determined using a five-year smoothing method. Under this method, annual asset gains and losses will be recognized fully after five years. Significant actuarial assumptions used in the valuation include: a) a rate of return on the investment of present and future assets of 7.5% per year; b) projected salary increases of 5% per year; and c) post-retirement benefit increases of 2% per year d) inflation rate of 3%. As of the July 1, 2010 valuation, the unfunded actuarial liability is amortized as a level percentage of projected payroll over a closed period. The weighted average remaining period is 20 years.

The most recent actuarial report was July 1, 2010. The City's annual pension cost and net pension obligation to the plan for the current year were as follows:

Annual required contribution	\$ 682,205
Interest on net pension obligation	235
Adjustment to annual required contribution	(189)
Annual pension cost	<u>682,251</u>
Contributions made	<u>(682,205)</u>
Increase in net pension obligation	46
Net pension obligation beginning of the year	<u>3,134</u>
Net pension obligation end of year	<u><u>\$ 3,180</u></u>

The City has determined that the net pension obligation is immaterial and therefore not reported in the Statement of Net Assets.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2010

#### Historical Trend Information

##### Schedule of Required Contributions:

Year ended June 30,	Annual pension cost (APC)	Percentage Contributed	%	Net Pension Obligation
2010	\$ 682,205	100	%	\$ 3,180
2009	591,407	100		3,134
2008	584,408	100		3,082
2007	535,087	100		3,025
2006	459,480	100		2,965
2005	402,952	100		2,901

##### Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	%	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$ 15,176,384	\$ 19,978,083	\$ 4,801,699	76.0	%	\$ 3,762,126	127.6 %
7/1/2009	13,479,701	18,757,264	5,277,563	71.9		3,699,044	142.7
7/1/2008	15,393,876	18,792,955	3,399,079	81.9		3,377,344	100.6
7/1/2007	14,583,640	18,188,041	3,640,401	80.2		3,322,763	108.5
7/1/2006	13,580,892	16,813,532	3,232,640	80.8		2,937,901	110.0
7/1/2005	12,627,480	15,554,693	2,927,213	81.2		2,741,744	106.8

#### ***RETIREMENT PLANS – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM***

##### Plan Description and Provisions

The City contributes to the Oregon Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP), a cost sharing multiple-employer hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15 or 20 year period. Employees hired on or after August 29, 2003 participate only in OPSRP. Beginning January 1, 2004, active PERS members hired before August 29, 2003 became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at [www.oregon.gov/PERS](http://www.oregon.gov/PERS).

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

### **RETIREMENT PLANS (CONTINUED) – OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

City employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the City to pay this amount on behalf of the employees. The City picks up the member contribution on behalf of: management, police, and fire employees. The City's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. During the 2009-10 fiscal year, the City's net employer contribution rates were as follows: Tier1/Tier 2 employees, 8.5%, OPSRP General Service, 3.26%, and OPSRP Public Safety, 5.97% of covered wages. The City also internally charged departments a rate of 3.5% to cover payments on the limited tax pension bonds.

The City's contribution to the plan for the years ending June 30, 2010, 2009 and 2008 were equal to the City's required contributions for each year as follows:

Year Ended	Employer	Member	
<u>June 30,</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Totals</u>
2010	\$ 426,493	\$ 335,215	\$ 761,708
2009	516,161	312,428	828,589
2008	467,048	283,844	750,892

### **CONTINGENCIES**

The City is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the condition of the City.

### **CONSTITUTIONAL PROPERTY TAX LIMITATION**

Oregon has two constitutional limits on property tax rates. Under the provisions of one limitation, property tax levies, excluding debt service amounts on voter approved general obligation debt, are separately aggregated for public education and local governments (i.e. counties, cities, special district, etc.). The tax rate (tax levy divided by market property values) for local governments cannot exceed \$10.00 per \$1,000 of assessed value applied on tax lot basis. If the computed tax rate for an individual tax lot is greater than \$10.00 the levy amounts are reduced by the County Assessor on a pro rata basis to each levying district until the property tax rate limit is met. The impact on the City's future property tax levy amount is not determined.

Oregon voters approved another constitutional tax limit which substantially changed the Oregon property tax system from a levy-based system to a rate-based system. Passage of this measure directs priorities for state revenues to schools and public safety. Under this measure, the City's permanent tax rate was set at \$ 4.3827 per thousand dollars of assessed value. The assessed value growth of existing property is limited to a maximum of 3% per year. Taxes levied to pay bonded debt obligations are exempt from this measure. New property is assessed at fair value and City taxes at its permanent rate are applied.

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***OTHER SUPPLEMENTARY DATA***

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**COMBINING STATEMENTS  
AND BUDGETARY  
COMPARISON SCHEDULES**

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## **Combining Statements**

### **Nonmajor Governmental Funds**

- Combining Balance Sheet
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances

## City of Newberg, Oregon

### NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET

June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 2,407,933	\$ 154,731	\$ 2,724,891	\$ 5,287,555
Receivables:				
Accounts	58,550	-	-	58,550
Loans	64,880	-	-	64,880
Assessments	-	-	380	380
Taxes	-	40,575	-	40,575
<b>Total assets</b>	<b>\$ 2,531,363</b>	<b>\$ 195,306</b>	<b>\$ 2,725,271</b>	<b>\$ 5,451,940</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 20,397	\$ -	\$ 152,682	\$ 173,079
Payroll payables	7,106	-	-	7,106
Interest payable	-	4,507	-	4,507
Deferred revenue	64,880	40,575	380	105,835
<b>Total liabilities</b>	<b>92,383</b>	<b>45,082</b>	<b>153,062</b>	<b>290,527</b>
<b><u>FUND BALANCES</u></b>				
Reserved for debt service	-	150,224	-	150,224
Reserved for system expansion	-	-	2,155,241	2,155,241
Unreserved, undesignated	2,438,980	-	416,968	2,855,948
<b>Total fund balances</b>	<b>2,438,980</b>	<b>150,224</b>	<b>2,572,209</b>	<b>5,161,413</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,531,363</b>	<b>\$ 195,306</b>	<b>\$ 2,725,271</b>	<b>\$ 5,451,940</b>

## City of Newberg, Oregon

### NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Totals
<u>Revenues</u>				
Property taxes	\$ -	\$ 407,848	\$ -	\$ 407,848
Fees	448,378	-	-	448,378
Intergovernmental	184,624	-	-	184,624
Charges for services	38,033	-	248,110	286,143
Facilities charge	-	112,910	-	112,910
Pension bond charge	-	182,172	-	182,172
Loan collections	42,725	-	-	42,725
Assessments	-	-	516	516
Donations	28,535	-	38,812	67,347
Interest	16,027	1,379	15,843	33,249
<b>Total revenues</b>	<b>758,322</b>	<b>704,309</b>	<b>303,281</b>	<b>1,765,912</b>
<u>Expenditures</u>				
General government	31,924	-	-	31,924
Public safety	480,291	-	-	480,291
Library	21,778	-	-	21,778
Community development	184,881	-	-	184,881
Debt service:				
Principal	-	445,000	-	445,000
Interest	-	398,504	-	398,504
Capital outlay	-	-	467,193	467,193
<b>Total expenditures</b>	<b>718,874</b>	<b>843,504</b>	<b>467,193</b>	<b>2,029,571</b>
<b>Excess of revenues over (under) expenditures</b>	<b>39,448</b>	<b>(139,195)</b>	<b>(163,912)</b>	<b>(263,659)</b>
<u>Other financing sources (uses)</u>				
Transfers in	64,000	142,600	385,545	592,145
Transfers out	(111,428)	-	(385,545)	(496,973)
<b>Total other financing sources (uses)</b>	<b>(47,428)</b>	<b>142,600</b>	<b>-</b>	<b>95,172</b>
<b>Net change in fund balances</b>	<b>(7,980)</b>	<b>3,405</b>	<b>(163,912)</b>	<b>(168,487)</b>
Fund balances, July 1, 2009	2,446,960	146,819	2,736,121	5,329,900
<b>Fund balances, June 30, 2010</b>	<b>\$ 2,438,980</b>	<b>\$ 150,224</b>	<b>\$ 2,572,209</b>	<b>\$ 5,161,413</b>

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## **SPECIAL REVENUE FUNDS**

- Combining Balance Sheet
- Combining Statement of Revenues, Expenditures and Changed in Fund Balances

### Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

- Economic Development
- 911 Emergency
- Civil Forfeiture
- City Hall
- Fire Truck
- Cable TV
- Library Trust
- Public Safety

**City of Newberg, Oregon**

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET

June 30, 2010

	Economic Development	911 Emergency	Civil Forfeiture	City Hall	Fire Truck	Cable TV	Library Trust	Public Safety Fee	Totals
<b>ASSETS</b>									
Cash and investments	\$ 768,460	\$ 148,505	\$ 4,848	\$ 750,424	\$ 433,286	\$ 46,196	\$ 79,806	\$ 176,408	\$ 2,407,933
Accounts and loans receivable	64,880	26,920	-	37	9,601	-	-	21,992	123,430
<b>Total assets</b>	<b>\$ 833,340</b>	<b>\$ 175,425</b>	<b>\$ 4,848</b>	<b>\$ 750,461</b>	<b>\$ 442,887</b>	<b>\$ 46,196</b>	<b>\$ 79,806</b>	<b>\$ 198,400</b>	<b>\$ 2,531,363</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 32	\$ 16,407	\$ -	\$ -	\$ 2,764	\$ -	\$ 1,194	\$ -	\$ 20,397
Payroll payables	1,293	2,935	-	-	-	-	-	2,878	7,106
Deferred revenue	64,880	-	-	-	-	-	-	-	64,880
<b>Total liabilities</b>	<b>66,205</b>	<b>19,342</b>	<b>-</b>	<b>-</b>	<b>2,764</b>	<b>-</b>	<b>1,194</b>	<b>2,878</b>	<b>92,383</b>
<b>FUND BALANCES</b>									
Unreserved, undesignated	767,135	156,083	4,848	750,461	440,123	46,196	78,612	195,522	2,438,980
<b>Total fund balances</b>	<b>767,135</b>	<b>156,083</b>	<b>4,848</b>	<b>750,461</b>	<b>440,123</b>	<b>46,196</b>	<b>78,612</b>	<b>195,522</b>	<b>1,476,323</b>
<b>Total liabilities and fund balances</b>	<b>\$ 833,340</b>	<b>\$ 175,425</b>	<b>\$ 4,848</b>	<b>\$ 750,461</b>	<b>\$ 442,887</b>	<b>\$ 46,196</b>	<b>\$ 79,806</b>	<b>\$ 198,400</b>	<b>\$ 2,531,363</b>

**City of Newberg, Oregon**

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2010

	Economic Development	911 Emergency	Civil Forfeiture	City Hall	Fire Truck	Cable TV	Library Trust	Public Safety Fee	Totals
<u>Revenues</u>									
Fire truck fee	\$ -	\$ -	\$ -	\$ -	\$ 142,511	\$ -	\$ -	\$ -	\$ 142,511
Public safety fee	-	-	-	-	-	-	-	257,718	257,718
City hall fee	-	-	-	38,149	-	-	-	-	38,149
Franchise fee	-	-	-	-	-	10,000	-	-	10,000
Intergovernmental	20,000	160,064	-	-	-	-	4,560	-	184,624
Charges for services	38,033	-	-	-	-	-	-	-	38,033
Loan collections - principal	38,713	-	-	-	-	-	-	-	38,713
Loan collections - interest	4,012	-	-	-	-	-	-	-	4,012
Donations	-	-	-	-	-	-	28,535	-	28,535
Interest	7,089	847	28	4,585	2,299	289	402	488	16,027
<b>Total revenues</b>	<b>107,847</b>	<b>160,911</b>	<b>28</b>	<b>42,734</b>	<b>144,810</b>	<b>10,289</b>	<b>33,497</b>	<b>258,206</b>	<b>758,322</b>
<u>Expenditures</u>									
General government	-	-	-	-	-	31,924	-	-	31,924
Public safety	-	174,682	-	-	242,925	-	-	62,684	480,291
Library	-	-	-	-	-	-	21,778	-	21,778
Community development	184,881	-	-	-	-	-	-	-	184,881
<b>Total expenditures</b>	<b>184,881</b>	<b>174,682</b>	<b>-</b>	<b>-</b>	<b>242,925</b>	<b>31,924</b>	<b>21,778</b>	<b>62,684</b>	<b>718,874</b>
Excess of revenues over (under) expenditures	(77,034)	(13,771)	28	42,734	(98,115)	(21,635)	11,719	195,522	39,448
<u>Other financing uses</u>									
Transfers in	-	-	-	-	64,000	-	-	-	64,000
Transfers out	(1,891)	-	-	(109,537)	-	-	-	-	(111,428)
<b>Total other financing uses</b>	<b>(1,891)</b>	<b>-</b>	<b>-</b>	<b>(109,537)</b>	<b>64,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47,428)</b>
Net change in fund balances	(78,925)	(13,771)	28	(66,803)	(34,115)	(21,635)	11,719	195,522	(7,980)
Fund balances, July 1, 2009	846,060	169,854	4,820	817,264	474,238	67,831	66,893	-	2,446,960
<b>Fund balances, June 30, 2010</b>	<b>\$ 767,135</b>	<b>\$ 156,083</b>	<b>\$ 4,848</b>	<b>\$ 750,461</b>	<b>\$ 440,123</b>	<b>\$ 46,196</b>	<b>\$ 78,612</b>	<b>\$ 195,522</b>	<b>\$ 2,438,980</b>

**City of Newberg, Oregon**

ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Business license fee	\$ 40,000	\$ 40,000	\$ 38,016	\$ (1,984)
Loan collections - principal	97,716	97,716	38,713	(59,003)
Loan collections - interest	2,000	2,000	4,012	2,012
Grants	-	-	20,000	20,000
Interest	14,097	14,097	7,089	(7,008)
Miscellaneous	-	-	17	17
<b>Total revenues</b>	<b>153,813</b>	<b>153,813</b>	<b>107,847</b>	<b>(45,966)</b>
<u>Expenditures</u>				
Community development	608,448	608,448	184,881	423,567
<b>Total expenditures</b>	<b>608,448</b>	<b>608,448</b>	<b>184,881</b>	<b>423,567</b>
 Excess of revenues over (under) expenditures	 (454,635)	 (454,635)	 (77,034)	 377,601
<u>Other financing sources (uses)</u>				
Transfers out	(313,891)	(313,891)	(1,891)	(312,000)
<b>Total other financing sources (uses)</b>	<b>(313,891)</b>	<b>(313,891)</b>	<b>(1,891)</b>	<b>(312,000)</b>
 Net change in fund balances	 (768,526)	 (768,526)	 (78,925)	 65,601
Fund balances, July 1, 2009	768,526	768,526	846,060	77,534
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 767,135</b>	<b>\$ 143,135</b>

**City of Newberg, Oregon**

911 EMERGENCY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
911 telephone excise tax	\$ 120,000	\$ 120,000	\$ 160,064	\$ 40,064
Interest	2,500	2,500	847	(1,653)
<b>Total revenues</b>	<b>122,500</b>	<b>122,500</b>	<b>160,911</b>	<b>38,411</b>
<u>Expenditures</u>				
Public safety	176,606	216,606	174,682	41,924
Contingency	90,144	50,144	-	50,144
<b>Total expenditures</b>	<b>266,750</b>	<b>266,750</b>	<b>174,682</b>	<b>92,068</b>
Net change in fund balances	(144,250)	(144,250)	(13,771)	130,479
Fund balances, July 1, 2009	144,250	144,250	169,854	25,604
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 156,083</b>	<b>\$ 156,083</b>

**City of Newberg, Oregon**

CIVIL FORFEITURE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 65	\$ 65	\$ 28	\$ (37)
<b>Total revenues</b>	<b>65</b>	<b>65</b>	<b>28</b>	<b>(37)</b>
<u>Expenditures</u>				
Public safety	4,870	4,870	-	4,870
<b>Total expenditures</b>	<b>4,870</b>	<b>4,870</b>	<b>-</b>	<b>4,870</b>
Net change in fund balances	(4,805)	(4,805)	28	4,833
Fund balances, July 1, 2009	4,805	4,805	4,820	15
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,848</b>	<b>\$ 4,848</b>

**City of Newberg, Oregon**

CITY HALL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
City Hall fee	\$ 90,000	\$ 90,000	\$ 38,149	\$ (51,851)
Interest	7,000	7,000	4,585	(2,415)
<b>Total revenues</b>	<b>97,000</b>	<b>97,000</b>	<b>42,734</b>	<b>(54,266)</b>
<u>Other financing sources (uses)</u>				
Transfers out	(109,537)	(109,537)	(109,537)	-
<b>Total other financing sources (uses)</b>	<b>(109,537)</b>	<b>(109,537)</b>	<b>(109,537)</b>	<b>-</b>
Net change in fund balances	(12,537)	(12,537)	(66,803)	(54,266)
Fund balances, July 1, 2009	777,152	777,152	817,264	40,112
<b>Fund balances, June 30, 2010</b>	<b>\$ 764,615</b>	<b>\$ 764,615</b>	<b>\$ 750,461</b>	<b>\$ (14,154)</b>

**City of Newberg, Oregon**

FIRE TRUCK FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Fire truck fee	\$ 137,000	\$ 137,000	\$ 142,511	\$ 5,511
Interest	6,500	6,500	2,299	(4,201)
<b>Total revenues</b>	<b>143,500</b>	<b>143,500</b>	<b>144,810</b>	<b>1,310</b>
<u>Expenditures</u>				
Public safety	257,000	257,000	242,925	14,075
Contingency	349,679	349,679	-	349,679
<b>Total expenditures</b>	<b>606,679</b>	<b>606,679</b>	<b>242,925</b>	<b>363,754</b>
Excess of revenues over (under) expenditures	(463,179)	(463,179)	(98,115)	365,064
<u>Other financing sources (uses)</u>				
Transfer in	64,000	64,000	64,000	-
<b>Total other financing sources (uses)</b>	<b>64,000</b>	<b>64,000</b>	<b>64,000</b>	<b>-</b>
Net change in fund balances	(399,179)	(399,179)	(34,115)	365,064
Fund balances, July 1, 2009	399,179	399,179	474,238	75,059
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 440,123</b>	<b>\$ 440,123</b>

## City of Newberg, Oregon

### CABLE TV FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Franchise fee	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Interest	1,400	1,400	289	(1,111)
<b>Total revenues</b>	<b>11,400</b>	<b>11,400</b>	<b>10,289</b>	<b>(1,111)</b>
<u>Expenditures</u>				
General government	25,000	63,000	31,924	31,076
Contingency	49,284	11,284	-	11,284
<b>Total expenditures</b>	<b>74,284</b>	<b>74,284</b>	<b>31,924</b>	<b>42,360</b>
Net change in fund balances	(62,884)	(62,884)	(21,635)	41,249
Fund balances, July 1, 2009	62,884	62,884	67,831	4,947
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,196</b>	<b>\$ 46,196</b>

**City of Newberg, Oregon**

LIBRARY TRUST FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Grants	\$ 28,800	\$ 28,800	\$ 4,560	\$ (24,240)
Donations	229,500	229,500	28,535	(200,965)
Interest	700	700	402	(298)
<b>Total revenues</b>	<b>259,000</b>	<b>259,000</b>	<b>33,497</b>	<b>(225,503)</b>
<u>Expenditures</u>				
Library	258,800	258,800	21,778	237,022
Contingency	29,141	29,141	-	29,141
<b>Total expenditures</b>	<b>287,941</b>	<b>287,941</b>	<b>21,778</b>	<b>266,163</b>
Net change in fund balances	(28,941)	(28,941)	11,719	40,660
Fund balances, July 1, 2009	28,941	28,941	66,893	37,952
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,612</b>	<b>\$ 78,612</b>

**City of Newberg, Oregon**

PUBLIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Public safety fee	\$ -	\$ 254,826	\$ 257,718	\$ 2,892
Interest	-	-	488	488
<b>Total revenues</b>	<b>-</b>	<b>254,826</b>	<b>258,206</b>	<b>3,380</b>
<u>Expenditures</u>				
Public safety	-	165,609	62,684	102,925
Contingency	-	89,217	-	89,217
<b>Total expenditures</b>	<b>-</b>	<b>254,826</b>	<b>62,684</b>	<b>192,142</b>
Net change in fund balances	-	-	195,522	195,522
Fund balances, July 1, 2009	-	-	-	-
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,522</b>	<b>\$ 195,522</b>

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## **DEBT SERVICE FUND**

### Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

- Debt Service - accounts for the accumulation of resources and payment of principal and interest on general obligation bonds, certificates of participation, and other long-term obligations.

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## City of Newberg, Oregon

### DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 397,500	\$ 397,500	\$ 407,848	\$ 10,348
Facilities charge	112,910	112,910	112,910	-
Pension bond charge	200,665	200,665	182,172	(18,493)
Interest	4,800	4,800	1,379	(3,421)
<b>Total revenues</b>	<b>715,875</b>	<b>715,875</b>	<b>704,309</b>	<b>(11,566)</b>
<u>Expenditures</u>				
Debt service				
Principal	457,000	457,000	445,000	12,000
Interest	413,505	413,505	398,504	15,001
<b>Total expenditures</b>	<b>870,505</b>	<b>870,505</b>	<b>843,504</b>	<b>27,001</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(154,630)</b>	<b>(154,630)</b>	<b>(139,195)</b>	<b>15,435</b>
<u>Other financing sources (uses)</u>				
Transfers in	169,600	169,600	142,600	(27,000)
<b>Total other financing sources (uses)</b>	<b>169,600</b>	<b>169,600</b>	<b>142,600</b>	<b>(27,000)</b>
Net change in fund balances	14,970	14,970	3,405	(11,565)
Fund balances, July 1, 2009	137,526	137,526	146,819	9,293
<b>Fund balances, June 30, 2010</b>	<b>\$ 152,496</b>	<b>\$ 152,496</b>	<b>\$ 150,224</b>	<b>\$ (2,272)</b>

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## **CAPITAL PROJECTS FUNDS**

- Combining Balance Sheet
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

- Street Development
- Street Capital Projects
- Animal Shelter

**City of Newberg, Oregon**

NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET

June 30, 2010

	<u>Street Development</u>	<u>Street Capital Projects</u>	<u>Animal Shelter</u>	<u>Totals</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 2,023,036	\$ 264,834	\$ 437,021	\$ 2,724,891
Assessments receivable	380	-	-	380
<b>Total assets</b>	<b>2,023,416</b>	<b>264,834</b>	<b>437,021</b>	<b>2,725,271</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	-	132,629	20,053	152,682
Deferred revenue	380	-	-	380
<b>Total liabilities</b>	<b>380</b>	<b>132,629</b>	<b>20,053</b>	<b>153,062</b>
<b><u>FUND BALANCES</u></b>				
Reserved for capital projects	2,023,036	132,205	-	2,155,241
Unreserved, undesignated	-	-	416,968	416,968
<b>Total fund balances</b>	<b>2,023,036</b>	<b>132,205</b>	<b>416,968</b>	<b>2,572,209</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,023,416</b>	<b>\$ 264,834</b>	<b>\$ 437,021</b>	<b>\$ 2,725,271</b>

**City of Newberg, Oregon**

NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

For the Year Ended June 30, 2010

	<u>Street Development</u>	<u>Street Capital Projects</u>	<u>Animal Shelter</u>	<u>Totals</u>
<u>Revenues</u>				
Charges for services	\$ 248,110	\$ -	\$ -	\$ 248,110
Assessments	516	-	-	516
Donations	-	-	38,812	38,812
Interest	12,232	1,008	2,603	15,843
<b>Total revenues</b>	<b>260,858</b>	<b>1,008</b>	<b>41,415</b>	<b>303,281</b>
<u>Expenditures</u>				
Capital outlay	-	395,545	71,648	467,193
<b>Total expenditures</b>	<b>-</b>	<b>395,545</b>	<b>71,648</b>	<b>467,193</b>
<b>Excess of revenues over (under) expenditures</b>	<b>260,858</b>	<b>(394,537)</b>	<b>(30,233)</b>	<b>(163,912)</b>
<u>Other financing sources (uses)</u>				
Transfers in	-	385,545	-	385,545
Transfers out	(385,545)	-	-	(385,545)
<b>Total other financing sources (uses)</b>	<b>(385,545)</b>	<b>385,545</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(124,687)</b>	<b>(8,992)</b>	<b>(30,233)</b>	<b>(163,912)</b>
Fund balances, July 1, 2009	2,147,723	141,197	447,201	2,736,121
<b>Fund balances, June 30, 2010</b>	<b>\$ 2,023,036</b>	<b>\$ 132,205</b>	<b>\$ 416,968</b>	<b>\$ 2,572,209</b>

## City of Newberg, Oregon

### STREET DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Intergovernmental grant	\$ -	\$ 286,191	\$ -	\$ (286,191)
Charges for services	846,725	1,032,585	248,110	(784,475)
Assessments	-	-	516	516
Interest	15,000	15,000	12,232	(2,768)
<b>Total revenues</b>	<b>861,725</b>	<b>1,333,776</b>	<b>260,858</b>	<b>(1,072,918)</b>
<u>Expenditures</u>				
Capital outlay	75,000	75,000	-	75,000
Contingency	1,665,915	2,137,966	-	2,137,966
<b>Total expenditures</b>	<b>1,740,915</b>	<b>2,212,966</b>	<b>-</b>	<b>2,212,966</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(879,190)</b>	<b>(879,190)</b>	<b>260,858</b>	<b>1,140,048</b>
<u>Other financing sources (uses)</u>				
Transfers out	(1,307,000)	(1,307,000)	(385,545)	921,455
<b>Total other financing sources (uses)</b>	<b>(1,307,000)</b>	<b>(1,307,000)</b>	<b>(385,545)</b>	<b>921,455</b>
<b>Net change in fund balances</b>	<b>(2,186,190)</b>	<b>(2,186,190)</b>	<b>(124,687)</b>	<b>2,061,503</b>
Fund balances, July 1, 2009	2,186,190	2,186,190	2,147,723	(38,467)
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,023,036</b>	<b>\$ 2,023,036</b>

**City of Newberg, Oregon**

STREET CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 3,000	\$ 3,000	\$ 1,008	\$ (1,992)
<b>Total revenues</b>	<b>3,000</b>	<b>3,000</b>	<b>1,008</b>	<b>(1,992)</b>
<u>Expenditures</u>				
Capital outlay	1,635,000	1,635,000	395,545	1,239,455
Contingency	123,826	123,826	-	123,826
<b>Total expenditures</b>	<b>1,758,826</b>	<b>1,758,826</b>	<b>395,545</b>	<b>1,363,281</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,755,826)</b>	<b>(1,755,826)</b>	<b>(394,537)</b>	<b>1,361,289</b>
<u>Other financing sources (uses)</u>				
Transfers in	1,625,000	1,625,000	385,545	(1,239,455)
<b>Total other financing sources (uses)</b>	<b>1,625,000</b>	<b>1,625,000</b>	<b>385,545</b>	<b>(1,239,455)</b>
Net change in fund balances	(130,826)	(130,826)	(8,992)	121,834
Fund balances, July 1, 2009	130,826	130,826	141,197	10,371
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 132,205</b>	<b>\$ 132,205</b>

## City of Newberg, Oregon

### ANIMAL SHELTER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Donations	\$ 50,000	\$ 50,000	\$ 38,812	\$ (11,188)
Interest	7,000	7,000	2,603	(4,397)
<b>Total revenues</b>	<b>57,000</b>	<b>57,000</b>	<b>41,415</b>	<b>(15,585)</b>
<u>Expenditures</u>				
Capital outlay	474,810	474,810	71,648	403,162
<b>Total expenditures</b>	<b>474,810</b>	<b>474,810</b>	<b>71,648</b>	<b>403,162</b>
Net change in fund balances	(417,810)	(417,810)	(30,233)	387,577
Fund balances, July 1, 2009	417,810	417,810	447,201	29,391
<b>Fund balances, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 416,968</b>	<b>\$ 416,968</b>

## **PROPRIETARY FUNDS**

### Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For budgetary purposes, the Water, Wastewater, Storm Water, and Emergency Medical Services operations are accounted for in the following separate funds:

#### Water

- Water
- Water Replacement Reserve
- Water System Development
- Water Financed CIP

#### Wastewater

- Wastewater
- Wastewater Replacement Reserve
- Wastewater System Development
- Wastewater Financed CIP

#### Storm Water

- Storm Water
- Storm Water System Development

#### Other

- Proprietary Capital Projects
- Proprietary Debt Service

#### Emergency Medical Services

#### Reconciliations

Reconciliation of Revenues and Expenditures (Budgetary Basis) to Revenues and Expenses (Accrual Basis)

## City of Newberg, Oregon

### WATER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 4,762,000	\$ 4,762,000	\$ 3,878,707	\$ (883,293)
Interest	36,000	36,000	12,776	(23,224)
Other	15,000	15,000	102,388	87,388
<b>Total revenues</b>	<b>4,813,000</b>	<b>4,813,000</b>	<b>3,993,871</b>	<b>(819,129)</b>
<u>Expenditures</u>				
Treatment plant operations and maintenance	3,718,268	3,718,268	2,949,328	768,940
Contingency	329,064	329,064	-	329,064
<b>Total expenditures</b>	<b>4,047,332</b>	<b>4,047,332</b>	<b>2,949,328</b>	<b>1,098,004</b>
<b>Excess of revenues over (under) expenditures</b>	<b>765,668</b>	<b>765,668</b>	<b>1,044,543</b>	<b>278,875</b>
<u>Other financing sources (uses)</u>				
Transfers in	21,564	21,564	21,564	-
Transfers out	(3,956,642)	(3,956,642)	(1,940,472)	2,016,170
<b>Total other financing sources (uses)</b>	<b>(3,935,078)</b>	<b>(3,935,078)</b>	<b>(1,918,908)</b>	<b>2,016,170</b>
<b>Net change in fund balances</b>	<b>(3,169,410)</b>	<b>(3,169,410)</b>	<b>(874,365)</b>	<b>2,295,045</b>
Fund balance, July 1, 2009	3,169,410	3,169,410	3,107,330	(62,080)
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,232,965</b>	<b>\$ 2,232,965</b>

**City of Newberg, Oregon**

WATER REPLACEMENT RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 25,437	\$ 25,437	\$ 19,031	\$ (6,406)
<b>Total revenues</b>	<b>25,437</b>	<b>25,437</b>	<b>19,031</b>	<b>(6,406)</b>
<u>Other financing sources (uses)</u>				
Transfers in	2,344,798	2,344,798	1,000,000	(1,344,798)
Transfers out	(51,313)	(51,313)	(48,652)	2,661
<b>Total other financing sources (uses)</b>	<b>2,293,485</b>	<b>2,293,485</b>	<b>951,348</b>	<b>(1,342,137)</b>
Net change in fund balances	2,318,922	2,318,922	970,379	(1,348,543)
Fund balance, July 1, 2009	1,639,540	1,639,540	1,815,123	175,583
<b>Fund balance, June 30, 2010</b>	<b>\$ 3,958,462</b>	<b>\$ 3,958,462</b>	<b>\$ 2,785,502</b>	<b>\$ (1,172,960)</b>

**City of Newberg, Oregon**

WATER SYSTEM DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 520,310	\$ 520,310	\$ 418,031	\$ (102,279)
Special assessments	-	-	12,093	12,093
Interest	17,500	17,500	17,853	353
<b>Total revenues</b>	<b>537,810</b>	<b>537,810</b>	<b>447,977</b>	<b>(89,833)</b>
<u>Expenditures</u>				
Capital projects	75,000	75,000	-	75,000
Contingency	1,947,582	1,955,973	-	1,955,973
<b>Total expenditures</b>	<b>2,022,582</b>	<b>2,030,973</b>	<b>-</b>	<b>2,030,973</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,484,772)</b>	<b>(1,493,163)</b>	<b>447,977</b>	<b>(2,120,806)</b>
<u>Other financing sources (uses)</u>				
Transfers in	-	8,391	8,391	-
Transfers out	(947,229)	(947,229)	(806,720)	140,509
<b>Total other financing sources (uses)</b>	<b>(947,229)</b>	<b>(938,838)</b>	<b>(798,329)</b>	<b>140,509</b>
<b>Net change in fund balances</b>	<b>(2,432,001)</b>	<b>(2,432,001)</b>	<b>(350,352)</b>	<b>2,081,649</b>
<b>Fund balance, July 1, 2009</b>	<b>2,432,001</b>	<b>2,432,001</b>	<b>2,344,683</b>	<b>(87,318)</b>
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,994,331</b>	<b>\$ 1,994,331</b>

**City of Newberg, Oregon**

WATER FINANCED CIP FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
<b>Total revenues</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>(25,000)</b>
<u>Expenditures</u>				
Capital outlay	1,025,000	1,025,000	3,553	1,021,447
<b>Total expenditures</b>	<b>1,025,000</b>	<b>1,025,000</b>	<b>3,553</b>	<b>1,021,447</b>
Excess of revenues over (under) expenditures	(1,000,000)	(1,000,000)	(3,553)	996,447
<u>Other financing sources (uses)</u>				
Financing agreements	1,000,000	1,000,000	-	(1,000,000)
Transfers out	-	(8,391)	(8,391)	-
<b>Total other financing sources (uses)</b>	<b>1,000,000</b>	<b>991,609</b>	<b>(8,391)</b>	<b>(1,000,000)</b>
Net change in fund balances	-	(8,391)	(11,944)	(3,553)
Fund balance, June 30, 2009	-	8,391	11,944	3,553
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Newberg, Oregon**

WASTEWATER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 4,716,000	\$ 4,716,000	\$ 4,731,106	\$ 15,106
Interest	20,000	20,000	8,977	(11,023)
Other	500	500	53,076	52,576
<b>Total revenues</b>	<b>4,736,500</b>	<b>4,736,500</b>	<b>4,793,159</b>	<b>56,659</b>
<u>Expenditures</u>				
Plant operations and maintenance	4,000,106	4,000,106	3,414,534	585,572
Contingency	346,269	479,212	-	479,212
<b>Total expenditures</b>	<b>4,346,375</b>	<b>4,479,318</b>	<b>3,414,534</b>	<b>1,064,784</b>
Excess of revenues over (under) expenditures	390,125	257,182	1,378,625	1,121,443
<u>Other financing sources (uses)</u>				
Transfers in	39,269	58,908	56,408	(2,500)
Transfers out	(1,917,638)	(2,392,287)	(1,294,259)	1,098,028
<b>Total other financing sources (uses)</b>	<b>(1,878,369)</b>	<b>(2,333,379)</b>	<b>(1,237,851)</b>	<b>1,095,528</b>
Net change in fund balances	(1,488,244)	(2,076,197)	140,774	2,216,971
Fund balance, July 1, 2009	1,488,244	2,076,197	2,076,199	2
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,216,973</b>	<b>\$ 2,216,973</b>

**City of Newberg, Oregon**

WASTEWATER REPLACEMENT RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 24,437	\$ 24,437	\$ 11,125	\$ (13,312)
<b>Total revenues</b>	<b>24,437</b>	<b>24,437</b>	<b>11,125</b>	<b>(13,312)</b>
<u>Other financing sources (uses)</u>				
Transfers in	943,856	943,856	-	(943,856)
Transfers out	(87,302)	(87,302)	(82,382)	4,920
<b>Total other financing sources (uses)</b>	<b>856,554</b>	<b>856,554</b>	<b>(82,382)</b>	<b>(938,936)</b>
Net change in fund balances	880,991	880,991	(71,257)	(952,248)
Fund balance, July 1, 2009	730,105	730,105	1,106,295	376,190
<b>Fund balance, June 30, 2010</b>	<b>\$ 1,611,096</b>	<b>\$ 1,611,096</b>	<b>\$ 1,035,038</b>	<b>\$ (576,058)</b>

## City of Newberg, Oregon

### WASTEWATER SYSTEM DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 585,230	\$ 585,230	\$ 562,022	\$ (23,208)
Assessment installments	-	-	1,638	1,638
Interest	7,000	7,000	9,882	2,882
<b>Total revenues</b>	<b>592,230</b>	<b>592,230</b>	<b>573,542</b>	<b>(18,688)</b>
<u>Expenditures</u>				
Capital projects	56,000	56,000	-	56,000
Contingency	1,447,013	1,112,508	-	1,112,508
<b>Total expenditures</b>	<b>1,503,013</b>	<b>1,168,508</b>	<b>-</b>	<b>1,168,508</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(910,783)</b>	<b>(576,278)</b>	<b>573,542</b>	<b>1,149,820</b>
<u>Other financing sources (uses)</u>				
Transfers in	-	42,668	42,667	(1)
Transfers out	(596,931)	(974,104)	(1,015,002)	(40,898)
<b>Total other financing sources (uses)</b>	<b>(596,931)</b>	<b>(931,436)</b>	<b>(972,335)</b>	<b>(40,899)</b>
<b>Net change in fund balances</b>	<b>(1,507,714)</b>	<b>(1,507,714)</b>	<b>(398,793)</b>	<b>1,108,921</b>
Fund balance, July 1, 2009	1,507,714	1,507,714	1,719,539	211,825
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,320,746</b>	<b>\$ 1,320,746</b>

## City of Newberg, Oregon

### WASTEWATER FINANCED CIP FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Miscellaneous	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
<b>Total revenues</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>(25,000)</b>
<u>Expenditures</u>				
Capital projects	7,525,000	7,525,000	1,941,978	5,583,022
<b>Total expenditures</b>	<b>7,525,000</b>	<b>7,525,000</b>	<b>1,941,978</b>	<b>5,583,022</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(7,500,000)</b>	<b>(7,500,000)</b>	<b>(1,941,978)</b>	<b>5,558,022</b>
<u>Other financing sources (uses)</u>				
Financing agreements	7,500,000	7,500,000	1,930,000	(5,570,000)
Transfers out	-	(42,668)	(42,667)	1
<b>Total other financing sources (uses)</b>	<b>7,500,000</b>	<b>7,457,332</b>	<b>1,887,333</b>	<b>(5,569,999)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(42,668)</b>	<b>(54,645)</b>	<b>(11,977)</b>
Fund balance, July 1, 2009	-	42,668	54,645	11,977
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## City of Newberg, Oregon

### STORM WATER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 526,000	\$ 526,000	\$ 575,296	\$ 49,296
Interest	10,950	10,950	4,301	(6,649)
<b>Total revenues</b>	<b>536,950</b>	<b>536,950</b>	<b>579,597</b>	<b>42,647</b>
<u>Expenditures</u>				
Operation and maintenance	658,604	658,604	614,829	43,775
Contingency	253,600	253,600	-	253,600
<b>Total expenditures</b>	<b>912,204</b>	<b>912,204</b>	<b>614,829</b>	<b>297,375</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(375,254)</b>	<b>(375,254)</b>	<b>(35,232)</b>	<b>340,022</b>
<u>Other financing sources (uses)</u>				
Transfers out	(210,000)	(210,000)	(816)	209,184
<b>Total other financing sources (uses)</b>	<b>(210,000)</b>	<b>(210,000)</b>	<b>(816)</b>	<b>209,184</b>
<b>Net change in fund balances</b>	<b>(585,254)</b>	<b>(585,254)</b>	<b>(36,048)</b>	<b>549,206</b>
Fund balance, July 1, 2009	585,254	585,254	767,171	181,917
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 731,123</b>	<b>\$ 731,123</b>

## City of Newberg, Oregon

### STORM WATER SYSTEM DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 60,000	\$ 60,000	\$ 23,111	\$ (36,889)
Interest	4,500	4,500	2,137	(2,363)
<b>Total revenues</b>	<b>64,500</b>	<b>64,500</b>	<b>25,248</b>	<b>(39,252)</b>
<u>Expenditures</u>				
Capital projects	100,000	100,000	-	100,000
Contingency	298,279	298,279	-	298,279
<b>Total expenditures</b>	<b>398,279</b>	<b>398,279</b>	<b>-</b>	<b>398,279</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(333,779)</b>	<b>(333,779)</b>	<b>25,248</b>	<b>359,027</b>
<u>Other financing sources (uses)</u>				
Transfers out	(145,000)	(145,000)	(28,312)	116,688
<b>Total other financing sources (uses)</b>	<b>(145,000)</b>	<b>(145,000)</b>	<b>(28,312)</b>	<b>116,688</b>
<b>Net change in fund balances</b>	<b>(478,779)</b>	<b>(478,779)</b>	<b>(3,064)</b>	<b>475,715</b>
Fund balance, July 1, 2009	478,779	478,779	368,296	(110,483)
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 365,232</b>	<b>\$ 365,232</b>

**City of Newberg, Oregon**

PROPRIETARY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Expenditures</u>				
Capital outlay	\$ 2,420,000	\$ 3,019,378	\$ 1,961,270	\$ 1,058,108
<b>Total Expenditures</b>	<b>2,420,000</b>	<b>3,019,378</b>	<b>1,961,270</b>	<b>1,058,108</b>
<u>Other financing sources (uses)</u>				
Transfers in	2,420,000	3,019,378	1,961,270	(1,058,108)
<b>Total other financing sources (uses)</b>	<b>2,420,000</b>	<b>3,019,378</b>	<b>1,961,270</b>	<b>(1,058,108)</b>
Net change in fund balances	-	-	-	-
Fund balance, July 1, 2009	-	-	-	-
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Newberg, Oregon**

PROPRIETARY DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Expenditures</u>				
Debt Service:				
Principal	\$ 1,115,908	\$ 1,308,908	\$ 1,207,934	\$ 100,974
Interest	948,878	1,008,322	916,377	91,945
<b>Total expenditures</b>	<b>2,064,786</b>	<b>2,317,230</b>	<b>2,124,311</b>	<b>192,919</b>
<u>Other financing sources (uses)</u>				
Transfers in	2,064,786	2,317,230	2,124,311	(192,919)
<b>Total other financing sources (uses)</b>	<b>2,064,786</b>	<b>2,317,230</b>	<b>2,124,311</b>	<b>(192,919)</b>
Net change in fund balances	-	-	-	-
Fund balance, July 1, 2009	-	-	-	-
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**City of Newberg, Oregon**

EMERGENCY MEDICAL SERVICES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 1,125,500	\$ 1,125,500	\$ 1,155,077	\$ 29,577
Contributions	30,000	30,000	33,000	3,000
Interest	4,600	4,600	2,177	(2,423)
Other	-	-	246	246
<b>Total revenues</b>	<b>1,160,100</b>	<b>1,160,100</b>	<b>1,190,500</b>	<b>30,400</b>
<u>Expenditures</u>				
Fire	1,282,207	1,282,207	1,220,651	61,556
Contingency	75,101	75,101	-	75,101
<b>Total expenditures</b>	<b>1,357,308</b>	<b>1,357,308</b>	<b>1,220,651</b>	<b>136,657</b>
Excess of expenditures over revenues	(197,208)	(197,208)	(30,151)	167,057
<u>Other financing sources (uses)</u>				
Transfers out	(64,000)	(64,000)	(64,000)	-
<b>Total other financing sources (uses)</b>	<b>(64,000)</b>	<b>(64,000)</b>	<b>(64,000)</b>	<b>-</b>
Net change in fund balances	(261,208)	(261,208)	(94,151)	167,057
Fund balance, July 1, 2009	261,208	261,208	408,694	147,486
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 314,543</b>	<b>\$ 314,543</b>

## City of Newberg

### Proprietary Funds Reconciliation of Revenues and Expenditures (Budgetary Basis) to Revenues and Expenses (Accrual Basis) For the Year Ended June 30, 2010

Fund	Water		Wastewater	
	Revenues	Expenditures	Revenues	Expenditures
Water	\$ 3,993,871	\$ 2,949,328	\$ -	\$ -
Water Replacement Reserve	19,031	-	-	-
Water System Development	447,977	-	-	-
Water Financed CIP	-	3,553	-	-
Wastewater	-	-	4,793,159	3,414,534
Wastewater Replacement Reserve	-	-	11,125	-
Wastewater System Development	-	-	573,542	-
Wastewater Financed CIP	-	-	-	1,941,978
Storm Water	-	-	-	-
Storm Water System Development	-	-	-	-
Proprietary Capital Projects	-	530,930	-	1,401,212
Proprietary Debt Service	-	1,216,262	-	908,049
Emergency Medical Services	-	-	-	-
Total revenues and expenditures (Budgetary Basis)	4,460,879	4,700,073	5,377,826	7,665,773
<b>Adjustments</b>				
Depreciation	-	1,091,087	-	1,444,898
Contributed capital	-	-	-	-
Debt Refinance	-	-	-	-
Principal payments	-	(632,194)	-	(600,283)
Interest accrual	-	34,604	-	129,267
Assessment receivable collections	(17,155)	-	(1,638)	-
Expenditures capitalized	-	(476,563)	-	(2,978,171)
Change in compensated absences	-	(4,825)	-	(4,359)
Internal charges elimination	-	-	-	-
Payment of capital lease	-	(203)	-	-
Other postemployment benefit expense	-	28,547	-	26,580
Total revenues and expenses (Accrual Basis)	4,443,724	4,740,526	5,376,188	5,683,705
Net income (loss) before contributions and transfers		<u>\$ (296,802)</u>		<u>\$ (307,517)</u>

Storm Water		Emergency Medical Services		Totals	
Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
\$ -	\$ -	\$ -	\$ -	\$ 3,993,871	\$ 2,949,328
-	-	-	-	19,031	-
-	-	-	-	447,977	-
-	-	-	-	-	3,553
-	-	-	-	4,793,159	3,414,534
-	-	-	-	11,125	-
-	-	-	-	573,542	-
-	-	-	-	-	1,941,978
579,597	614,829	-	-	579,597	614,829
25,248	-	-	-	25,248	-
-	29,128	-	-	-	1,961,270
-	-	-	-	-	2,124,311
-	-	1,190,500	1,220,651	1,190,500	1,220,651
604,845	643,957	1,190,500	1,220,651	11,634,050	14,230,454
-	282,701	-	64,459	-	2,883,145
-	-	(33,000)	-	(33,000)	-
-	-	-	-	-	-
-	-	-	-	-	(1,232,477)
-	-	-	-	-	163,871
-	-	-	-	(18,793)	-
-	19,461	-	(27,854)	-	(3,463,127)
-	(255)	-	3,185	-	(6,254)
-	-	-	-	-	-
-	-	-	-	-	(203)
-	7,094	-	10,222	-	72,443
604,845	952,958	1,157,500	1,270,663	11,582,257	12,647,852
	<u>\$ (348,113)</u>		<u>\$ (113,163)</u>		<u>\$ (1,065,595)</u>

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## **INTERNAL SERVICE FUNDS**

- Combining Statement of Net Assets
- Combining Statement of Revenues, Expenses and Change in Fund Net Assets
- Combining Statement of Cash Flows

### Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

- Administrative Support Services
- Vehicle/Equipment Replacement

### Reconciliation of Revenues and Expenditures (Budgetary Basis) to Revenues and Expenses (Accrual Basis)

**City of Newberg, Oregon**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS

June 30, 2010

	<u>Administrative Support Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b><u>Current assets</u></b>			
Cash and investments	\$ 753,203	\$ 1,437,931	\$ 2,191,134
Accounts and other receivables	4,310	-	4,310
Inventory	32,958	-	32,958
<b>Total current assets</b>	<b>790,471</b>	<b>1,437,931</b>	<b>2,228,402</b>
<b><u>Noncurrent assets</u></b>			
Capital assets, net of depreciation	343,778	653,462	997,240
<b>Total noncurrent assets</b>	<b>343,778</b>	<b>653,462</b>	<b>997,240</b>
<b>Total assets</b>	<b>1,134,249</b>	<b>2,091,393</b>	<b>3,225,642</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable	71,932	127,082	199,014
Payroll payables	305,200	-	305,200
Compensated absences	218,426	-	218,426
Current portion of capital leases payable	68,192	6,834	75,026
<b>Total current liabilities</b>	<b>663,750</b>	<b>133,916</b>	<b>797,666</b>
<b><u>Long-term obligations</u></b>			
Capital leases payable net of current portion	71,338	15,353	86,691
Other postemployment benefits obligation	94,759	-	94,759
<b>Total long-term obligations</b>	<b>166,097</b>	<b>15,353</b>	<b>181,450</b>
<b>Total liabilities</b>	<b>829,847</b>	<b>149,269</b>	<b>979,116</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	204,248	631,275	835,523
Unrestricted	100,154	1,310,849	1,411,003
<b>Total net assets</b>	<b>\$ 304,402</b>	<b>\$ 1,942,124</b>	<b>\$ 2,246,526</b>

**City of Newberg, Oregon**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS

For the Year Ended June 30, 2010

	<u>Administrative Support Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Totals</u>
<u>Operating revenues</u>			
Charges for services	\$ 3,169,905	\$ 254,634	\$ 3,424,539
Other operating revenues	4,190	-	4,190
<b>Total operating revenues</b>	<b>3,174,095</b>	<b>254,634</b>	<b>3,428,729</b>
<u>Operating expenses</u>			
Personal services	2,017,373	-	2,017,373
Materials and services	1,039,392	160,162	1,199,554
Depreciation	97,114	207,042	304,156
<b>Total operating expenses</b>	<b>3,153,879</b>	<b>367,204</b>	<b>3,521,083</b>
<b>Operating income (loss)</b>	<b>20,216</b>	<b>(112,570)</b>	<b>(92,354)</b>
<u>Nonoperating revenues (expenses)</u>			
Interest revenue	5,674	7,990	13,664
Interest expense	(9,496)	-	(9,496)
<b>Total nonoperating revenues (expenses)</b>	<b>(3,822)</b>	<b>7,990</b>	<b>4,168</b>
<b>Income (loss) before transfers</b>	<b>16,394</b>	<b>(104,580)</b>	<b>(88,186)</b>
<b>Transfers in (out)</b>	<b>-</b>	<b>72,701</b>	<b>72,701</b>
<b>Change in net assets</b>	<b>16,394</b>	<b>(31,879)</b>	<b>(15,485)</b>
<b>Total net assets, July 1, 2009</b>	<b>288,008</b>	<b>1,974,003</b>	<b>2,262,011</b>
<b>Total net assets, June 30, 2010</b>	<b>\$ 304,402</b>	<b>\$ 1,942,124</b>	<b>\$ 2,246,526</b>

## City of Newberg, Oregon

### INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010

	<u>Administrative Support Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Totals</u>
<u>Cash flows from operating activities</u>			
Cash received from other funds	\$ 3,171,556	\$ 254,634	\$ 3,426,190
Cash paid to suppliers	(1,285,477)	(48,160)	(1,333,637)
Cash paid to employees	(2,064,751)	-	(2,064,751)
Other receipts	4,190	-	4,190
<u>Net cash provided by (used in) operating activities</u>	<u>(174,482)</u>	<u>206,474</u>	<u>31,992</u>
<u>Cash flows from noncapital financing activities</u>			
Transfers in	-	72,701	72,701
<u>Net cash provided by noncapital financing activities</u>	<u>-</u>	<u>72,701</u>	<u>72,701</u>
<u>Cash flows from capital and related financing activities</u>			
Loan principal payments	(65,735)	(8,609)	(74,344)
Loan interest payments	(9,496)	-	(9,496)
Purchase of capital assets	(66,244)	(30,995)	(97,239)
<u>Net cash (used in) capital and related financing activities</u>	<u>(141,475)</u>	<u>(39,604)</u>	<u>(181,079)</u>
<u>Cash flows from investing activities</u>			
Interest received on investments	5,674	7,990	13,664
<u>Net cash provided by investing activities</u>	<u>5,674</u>	<u>7,990</u>	<u>13,664</u>
Net increase (decrease) in cash	(310,283)	247,561	(62,722)
Cash and investments, July 1, 2009	1,063,486	1,190,370	2,253,856
<u>Cash and investments, June 30, 2010</u>	<u>\$ 753,203</u>	<u>\$ 1,437,931</u>	<u>\$ 2,191,134</u>

Reconciliation of operating income (loss)  
to net cash provided by (used in) operating activities:

Operating income (loss)	\$ 20,216	\$ (112,570)	\$ (92,354)
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</u>			
Depreciation	97,114	207,042	304,156
Decrease in accounts receivable	1,651	-	1,651
(Increase) in inventory	(10,276)	-	(10,276)
Increase (decrease) in accounts payable	(283,187)	112,002	(171,185)
<u>Net cash provided by (used in) operating activities</u>	<u>\$ (174,482)</u>	<u>\$ 206,474</u>	<u>\$ 31,992</u>

Noncash capital activities

Borrowing under capital lease	\$ -	\$ 30,796	\$ 30,796
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## City of Newberg, Oregon

### ADMINISTRATIVE SUPPORT SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Internal service charges	\$ 3,309,888	\$ 3,309,888	\$ 3,110,487	\$ (199,401)
Charges for services	40,100	40,100	59,418	19,318
Other	2,530	2,530	4,188	1,658
Interest	14,000	14,000	5,676	(8,324)
<b>Total revenues</b>	<b>3,366,518</b>	<b>3,366,518</b>	<b>3,179,769</b>	<b>(186,749)</b>
<u>Expenditures</u>				
Departmental:				
City Manager	440,137	440,137	414,289	25,848
Finance	760,824	790,824	688,538	102,286
General Office	266,178	266,178	239,277	26,901
Information Services	522,180	527,180	518,228	8,952
Legal	457,207	479,207	464,727	14,480
Public Works	631,361	631,361	594,815	36,546
Insurance	267,000	267,000	209,880	57,120
Contingency	210,145	153,145	-	153,145
<b>Total expenditures</b>	<b>3,555,032</b>	<b>3,555,032</b>	<b>3,129,754</b>	<b>425,278</b>
Net change in fund balances	(188,514)	(188,514)	50,015	238,529
Fund balance, July 1, 2009	188,514	188,514	363,322	174,808
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 413,337</b>	<b>\$ 413,337</b>

## City of Newberg, Oregon

### VEHICLE/EQUIPMENT REPLACEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Equipment replacement charges	\$ 254,634	\$ 254,634	\$ 254,634	\$ -
Interest	14,500	14,500	7,990	(6,510)
<b>Total revenues</b>	<b>269,134</b>	<b>269,134</b>	<b>262,624</b>	<b>(6,510)</b>
<u>Expenditures</u>				
Departmental:				
General Government	3,046	1,348	-	1,348
City Manager	4,221	4,221	-	4,221
Finance	27,231	27,231	10,439	16,792
Information Technology	2,958	2,958	2,275	683
Legal	3,000	3,000	-	3,000
Municipal Court	3,726	3,726	-	3,726
Police	86,410	141,410	93,278	48,132
Fire	153	65,477	60,000	5,477
Communications	6,340	26,340	12,400	13,940
Library	6,444	6,444	-	6,444
Planning	6,158	6,158	-	6,158
Building Inspection	10,000	10,000	-	10,000
Public Works	352,500	352,500	21,374	331,126
Facilities Repair/Maintenance	75,000	75,000	-	75,000
Contingency	608,820	796,392	-	796,392
<b>Total expenditures</b>	<b>1,196,007</b>	<b>1,522,205</b>	<b>199,766</b>	<b>1,322,439</b>
<b>Excess of expenditures over (under) revenues</b>	<b>(926,873)</b>	<b>(1,253,071)</b>	<b>62,858</b>	<b>1,315,929</b>
<u>Other financing sources</u>				
Transfers in	77,782	77,782	72,701	(5,081)
<b>Total other financing sources</b>	<b>77,782</b>	<b>77,782</b>	<b>72,701</b>	<b>(5,081)</b>
<b>Net change in fund balances</b>	<b>(849,091)</b>	<b>(1,175,289)</b>	<b>135,559</b>	<b>1,310,848</b>
Fund balance, July 1, 2009	849,091	1,175,289	1,175,290	1
<b>Fund balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,310,849</b>	<b>\$ 1,310,849</b>

## City of Newberg, Oregon

### Internal Service Funds Reconciliation of Revenues and Expenditures (Budgetary Basis) to Revenues and Expenses (Accrual Basis) For the Year Ended June 30, 2010

Fund	Administrative Support Services		Equipment Replacement		Totals	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
Administrative Support Services	\$ 3,179,769	\$ 3,129,754	\$ -	\$ -	\$ 3,179,769	\$ 3,129,754
Vehicle/Equipment Replacement	-	-	262,624	199,766	262,624	199,766
Total revenues and expenditures (Budgetary Basis)	3,179,769	3,129,754	262,624	199,766	3,442,393	3,329,520
<b>Adjustments</b>						
Depreciation	-	97,114	-	207,042	-	304,156
Expenditures capitalized	-	(62,340)	-	(30,995)	-	(93,335)
Change in compensated absences	-	28,491	-	-	-	28,491
Other postemployment benefit expense	-	36,091	-	-	-	36,091
Payment of capital lease principal	-	(65,735)	-	(8,609)	-	(74,344)
Gain on disposition of capital assets	-	-	-	-	-	-
Total revenues and expenses (Accrual Basis)	3,179,769	3,163,375	262,624	367,204	3,442,393	3,530,579
Net income (loss) before contributions		\$ 16,394		\$ (104,580)		\$ (88,186)

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## **AGENCY FUND**

### Statement of Changes in Assets and Liabilities

- Bail Fund

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# City of Newberg, Oregon

## AGENCY FUND - BAIL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2010

	Balances			Balances
<u>ASSETS</u>	7/1/2009	Additions	Deductions	6/30/2010
Cash and investments	\$ 46,153	\$ 1,055,235	\$ 1,018,785	\$ 82,603
 <u>LIABILITIES</u>				
Accounts payable	\$ 13,903	\$ 155,133	\$ 157,194	\$ 11,842
Funds held in trust	32,250	900,102	861,591	70,761
Total liabilities	\$ 46,153	\$ 1,055,235	\$ 1,018,785	\$ 82,603

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## **OTHER INFORMATION**

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## **Capital Assets Used in the Operation of Governmental Funds**

- Schedule by Source
- Schedule by Function
- Schedule of Changes by Function and Activity

## City of Newberg, Oregon

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE (1) June 30, 2010

Governmental funds capital assets:

Land	\$ 1,049,821
Right of way	26,189,099
Buildings and improvements	10,226,686
Equipment	4,424,532
Construction in progress	207,654
Infrastructure	<u>64,675,204</u>
Total governmental funds capital assets	<u>\$ 106,772,996</u>

Balance, July 1, 1990 (2) \$ 3,629,903

Investments in governmental funds capital assets by fund or source:

General Fund	9,074,612
State Tax Street Fund	457,397
Fire Truck Fund	1,524,120
911 Emergency Fund	97,584
Building Inspection Fund	81,556
Vehicle/Equipment Fund	309,590
Civil Forfeiture Fund	233,632
City Hall Bond Fund	10,920
Street System Development Fund	5,342,335
Cable TV Fund	84,017
Economic Development Fund	41,299
Gifts and Donations	<u>85,886,031</u>
Total governmental funds capital assets	<u>\$ 106,772,996</u>

- (1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets in internal service funds are included as governmental activities in the statement of net assets.
- (2) Information by fund is not available for capital assets acquired prior to July 1, 1990.

## City of Newberg, Oregon

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY June 30, 2010

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Infrastructure (1)</u>	<u>Totals</u>
General government	\$ 832,962	\$ 3,573,728	\$ 167,185	\$ -	\$ -	\$ 4,573,875
Public safety	79,959	5,123,253	2,772,584	-	-	7,975,796
Library	32,000	1,523,690	1,175,881	-	-	2,731,571
Community development	<u>104,900</u>	<u>6,015</u>	<u>308,882</u>	<u>207,654</u>	<u>90,864,303</u>	<u>91,491,754</u>
Total governmental capital assets	<u>\$ 1,049,821</u>	<u>\$ 10,226,686</u>	<u>\$ 4,424,532</u>	<u>\$ 207,654</u>	<u>\$ 90,864,303</u>	<u>\$ 106,772,996</u>

(1) Includes value of right of way

## City of Newberg, Oregon

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY For the Year Ended June 30, 2010

<u>Function and Activity</u>	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balances</u>
General government	\$ 4,517,090	\$ 69,883	\$ (13,098)	\$ 4,573,875
Public safety	7,653,326	322,470	-	7,975,796
Library	2,731,571	-	-	2,731,571
Community development	<u>91,247,892</u>	<u>243,862</u>	<u>-</u>	<u>91,491,754</u>
Total governmental capital assets	<u>\$ 106,149,879</u>	<u>\$ 636,215</u>	<u>\$ (13,098)</u>	<u>\$ 106,772,996</u>

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## **Other Financial Schedules**

- Schedule of Property Tax Transactions and Outstanding Balances
- Schedule of Bond Principal Transactions
- Schedule of Bond Interest Transactions
- Schedule of Future Bonded Debt Maturities

**City of Newberg, Oregon**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

For the Year Ended June 30, 2010

Levy Year	Taxes Uncollected July 1, 2009	Levy As Extended By Assessor	Discounts Allowed	Interest Received	Cancellations and Adjustments	Interest and Tax Collected	Taxes Uncollected June 30, 2010
2009-10	\$ -	\$ 6,404,370	\$ (152,142)	\$ 3,981	\$ (48,792)	\$ (5,877,695)	\$ 329,722
2008-09	292,482	-	-	10,438	(10,928)	(161,490)	130,502
2007-08	97,118	-	-	6,028	(1,809)	(39,581)	61,756
2006-07	39,175	-	-	5,618	(1,223)	(24,523)	19,047
2005-06	14,039	-	-	2,758	(1,066)	(9,917)	5,814
Prior to 2005	25,243	-	-	1,319	(1,622)	(2,846)	22,094
<b>Totals</b>	<b>\$ 468,057</b>	<b>\$ 6,404,370</b>	<b>\$ (152,142)</b>	<b>\$ 30,142</b>	<b>\$ (65,440)</b>	<b>\$ (6,116,052)</b>	<b>\$ 568,935</b>

Fund	Revenue			Receivable June 30, 2010
	Current Levy	Prior Years and Adjustments	Total	
General	\$ 5,487,416	\$ 220,788	\$ 5,708,204	\$ 528,360
Debt Service	390,279	17,569	407,848	40,575
<b>Totals</b>	<b>\$ 5,877,695</b>	<b>\$ 238,357</b>	<b>\$ 6,116,052</b>	<b>\$ 568,935</b>

**City of Newberg, Oregon**

SCHEDULE OF BOND PRINCIPAL TRANSACTIONS

For the Year Ended June 30, 2010

	Original Issue			Outstanding July 1, 2009	Transactions July 1, 2009 to June 30, 2010			Outstanding June 30, 2010		
	Rate	Date	Amount		Issued	Matured	Paid	Matured	Unmatured	Totals
<b><u>Governmental Activities</u></b>										
<b><u>Long-term bonded debt</u></b>										
<b><u>General Obligation Bonds</u></b>										
Police Building 1997A	3.70-5.50%	6/1/1997	\$ 2,950,000	\$ 1,360,000	\$ -	\$ 160,000	\$ 160,000	\$ -	\$ 1,200,000	\$ 1,200,000
Fire Facilities 1998A	4.00-5.10%	3/25/1998	2,395,000	1,165,000	-	120,000	120,000	-	1,045,000	1,045,000
City Hall COPs 1999A	4.00-5.35%	11/10/1999	3,550,000	2,075,000	-	145,000	145,000	-	1,930,000	1,930,000
Subtotal general obligation bonds			8,895,000	4,600,000	-	425,000	425,000	-	4,175,000	4,175,000
<b><u>Limited Tax Bonds</u></b>										
Pension Obligation Bonds 2004	4.60-6.09%	5/11/2004	2,720,000	2,710,000	-	20,000	20,000	-	2,690,000	2,690,000
<b>Total long-term bonded debt-governmental activities</b>			<b>11,615,000</b>	<b>7,310,000</b>	<b>-</b>	<b>445,000</b>	<b>445,000</b>	<b>-</b>	<b>6,865,000</b>	<b>6,865,000</b>
<b>Total long-term bonded debt</b>			<b>\$ 11,615,000</b>	<b>\$ 7,310,000</b>	<b>\$ -</b>	<b>\$ 445,000</b>	<b>\$ 445,000</b>	<b>\$ -</b>	<b>\$ 6,865,000</b>	<b>\$ 6,865,000</b>

**City of Newberg, Oregon**

SCHEDULE OF BOND INTEREST TRANSACTIONS

For the Year Ended June 30, 2010

	Issue Date	Outstanding July 1, 2009			Transactions July 1, 2009 to June 30, 2010			Outstanding June 30, 2010		
		Matured	Unmatured	Total	Issued	Matured	Paid	Matured	Unmatured	Totals
<b><u>Governmental Activities</u></b>										
<b><u>Long-term bonded debt</u></b>										
<b><u>General Obligation Bonds</u></b>										
Police Building 1997A	6/1/1997	\$ -	\$ 273,948	\$ 273,948	\$ -	\$ 67,445	\$ 67,445	\$ -	\$ 206,503	\$ 206,503
Fire Facilities 1998A	3/25/1998	-	280,142	280,142	-	58,378	58,378	-	221,764	221,764
City Hall COPs 1999A	11/10/1999	-	705,993	705,993	-	110,510	110,510	-	595,483	595,483
Subtotal general obligation bonds			1,260,083	1,260,083	-	236,333	236,333	-	1,023,750	1,023,750
<b><u>Limited Tax Bonds</u></b>										
Pension Obligation Bonds 2004	5/11/2004	-	2,187,141	2,187,141	-	162,172	162,172	-	2,024,969	2,024,969
<b>Total long-term bonded debt-governmental activities</b>			<b>3,447,224</b>	<b>3,447,224</b>	<b>-</b>	<b>398,505</b>	<b>398,505</b>	<b>-</b>	<b>3,048,719</b>	<b>3,048,719</b>
<b>Total long-term bonded debt</b>			<b>\$3,447,224</b>	<b>\$3,447,224</b>	<b>\$ -</b>	<b>\$398,505</b>	<b>\$398,505</b>	<b>\$ -</b>	<b>\$3,048,719</b>	<b>\$3,048,719</b>

## City of Newberg, Oregon

### SCHEDULE OF FUTURE BONDED DEBT MATURITIES

June 30, 2010

	<u>General Obligation</u>	<u>Limited Tax Obligation</u>	
<u>Bond Principal</u>			
2010-2011	\$ 450,000	\$ 25,000	
2011-2012	475,000	35,000	
2012-2013	495,000	45,000	
2013-2014	525,000	55,000	
2014-2015	555,000	70,000	
2015-2016	585,000	80,000	
2016-2017	395,000	95,000	
2017-2018	220,000	110,000	
2018-2019	230,000	130,000	
2019-2020	245,000	150,000	
2020-2021	-	170,000	
2021-2022	-	190,000	
2022-2023	-	215,000	
2023-2024	-	240,000	
2024-2025	-	270,000	
2025-2026	-	300,000	
2026-2027	-	335,000	
2027-2028	-	175,000	
Total bond principal	<u>\$ 4,175,000</u>	<u>\$ 2,690,000</u>	
 <u>Bond Interest</u>			
2010-2011	\$ 214,728	\$ 161,190	
2011-2012	191,422	159,890	
2012-2013	166,540	158,052	
2013-2014	140,225	155,646	
2014-2015	111,750	152,582	
2015-2016	81,705	148,612	
2016-2017	55,465	143,994	
2017-2018	33,930	138,418	
2018-2019	20,880	131,882	
2019-2020	7,105	124,062	
2020-2021	-	115,040	
2021-2022	-	104,814	
2022-2023	-	93,386	
2023-2024	-	80,454	
2024-2025	-	65,826	
2025-2026	-	49,370	
2026-2027	-	31,084	
2027-2028	-	10,667	
Total bond interest	<u>\$ 1,023,750</u>	<u>\$ 2,024,969</u>	
 Total future maturities	<u>\$ 5,198,750</u>	<u>\$ 4,714,969</u>	
 Grand total		<u>\$ 9,913,719</u>	

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***STATISTICAL SECTION***

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## STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	121
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	130
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 in the future.	134
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.	138
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.	140

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**City of Newberg, Oregon**

NET ASSETS BY COMPONENT  
Last Eight Fiscal Years\*  
(Accrual basis of accounting - Unaudited)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 55,024,046	\$ 57,961,278	\$ 62,507,506	\$ 64,371,510	\$ 67,672,350	\$ 72,603,995	\$ 71,760,718	\$ 71,760,718
Restricted	410,414	3,278,182	5,367,408	4,436,608	4,233,576	2,006,127	2,346,040	2,346,040
Unrestricted	7,068,657	5,689,512	5,036,514	7,272,026	7,266,261	7,857,930	6,110,359	6,110,359
Total governmental activities net assets	62,503,117	66,928,972	72,911,428	76,080,144	79,172,187	82,468,052	80,217,117	80,217,117
Business-type activities								
Invested in capital assets, net of related debt	32,991,775	36,460,330	41,745,450	43,656,374	45,105,607	47,357,341	46,663,993	46,663,993
Restricted	2,751,899	2,300,432	4,062,704	5,492,742	4,591,073	4,650,163	3,680,309	3,680,309
Unrestricted	5,825,370	5,567,312	4,447,591	5,312,642	7,260,797	7,359,300	8,735,201	8,735,201
Total business-type activities net of related debt	41,569,044	44,328,074	50,255,745	54,461,758	56,957,477	59,366,804	59,079,503	59,079,503
Total government								
Invested in capital assets, net of related debt	88,015,821	94,421,608	104,252,956	108,027,884	112,777,957	119,961,336	118,424,711	118,424,711
Restricted	3,162,313	5,578,614	9,430,112	9,929,350	8,824,649	6,656,290	6,026,349	6,026,349
Unrestricted	12,894,027	11,256,824	9,484,105	12,584,668	14,527,058	15,217,230	14,845,560	14,845,560
Total government net assets	\$ 104,072,161	\$ 111,257,046	\$ 123,167,173	\$ 130,541,902	\$ 136,129,664	\$ 141,834,856	\$ 139,296,620	\$ 139,296,620

\* The City implemented the requirements of GASB 34 during the year ended June 30, 2003, which requires the reporting of net assets by component. The above information will be accumulated yearly, until 10 years are reported.

**City of Newberg, Oregon**

**CHANGES IN NET ASSETS**  
 Last Eight Fiscal Years\*  
 (Accrual basis of accounting - Unaudited)

<b>Expenses</b>	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Governmental activities:</b>				
General government	\$ 859,298	\$ 236,381	\$ 495,391	\$ 320,034
Public safety	4,894,345	5,243,806	5,983,498	6,691,313
Library	802,789	888,410	905,540	968,909
Community development	2,750,100	2,856,854	3,208,718	3,601,767
Interest on long-term debt	410,163	389,058	507,275	491,884
Total governmental activities expenses	<u>9,716,695</u>	<u>9,614,509</u>	<u>11,100,422</u>	<u>12,073,907</u>
<b>Business-type activities:</b>				
Water	2,719,002	2,596,790	2,750,422	3,022,835
Wastewater	2,865,451	3,111,868	3,332,035	3,770,677
Storm water	253,954	407,727	489,765	647,816
EMS	838,255	891,721	910,642	1,013,918
Total business-type activities expenses	<u>6,676,662</u>	<u>7,008,106</u>	<u>7,482,864</u>	<u>8,455,246</u>
Total government expenses	<u>\$ 16,393,357</u>	<u>\$ 16,622,615</u>	<u>\$ 18,583,286</u>	<u>\$ 20,529,153</u>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
General government	171,367	196,013	249,321	331,698
Public safety	771,908	873,944	964,322	1,253,382
Library	55,349	70,383	74,742	84,773
Community development	1,293,959	2,474,114	2,517,038	2,808,623
Operating grants and contributions	810,179	941,905	1,469,706	1,038,865
Capital grants and contributions	1,074,623	3,542,573	5,505,479	2,399,887
Total governmental activities program revenues	<u>4,177,385</u>	<u>8,098,932</u>	<u>10,780,608</u>	<u>7,917,228</u>
<b>Business-type activities:</b>				
Charges for services:				
Water	2,552,777	2,560,454	2,861,760	3,404,298
Wastewater	2,820,868	2,896,771	3,171,087	3,319,878
Storm water	14,892	206,645	371,927	451,004
EMS	891,187	770,910	916,251	955,266
Operating grants and contributions	-	30,000	25,000	30,000
Capital grants and contributions	82,175	3,242,788	5,806,412	4,384,180
Total business-type activities program revenues	<u>6,361,899</u>	<u>9,707,568</u>	<u>13,152,437</u>	<u>12,544,626</u>
Total government program revenues	<u>\$ 10,539,284</u>	<u>\$ 17,806,500</u>	<u>\$ 23,933,045</u>	<u>\$ 20,461,854</u>

\* The City implemented the requirements of GASB 34 during the year ended June 30, 2003, which requires the reporting of changes in net assets. The above information will be accumulated yearly, until 10 years are reported.

Continued on page 123

Fiscal Year			
2007	2008	2009	2010
\$ 303,579	\$ 1,077,399	\$ 331,085	\$ 361,813
7,346,785	7,977,491	8,710,044	9,086,595
1,015,473	1,154,371	1,205,124	1,183,292
3,861,815	3,934,145	4,529,013	4,085,772
475,087	460,474	430,164	404,098
<u>13,002,739</u>	<u>14,603,880</u>	<u>15,205,430</u>	<u>15,121,570</u>
3,289,427	4,013,132	4,744,738	4,739,890
4,126,276	3,906,244	4,388,208	5,682,979
619,231	704,911	865,427	952,843
1,110,099	1,170,262	1,254,774	1,270,558
<u>9,145,033</u>	<u>9,794,549</u>	<u>11,253,147</u>	<u>12,646,270</u>
<u>\$ 22,147,772</u>	<u>\$ 24,398,429</u>	<u>\$ 26,458,577</u>	<u>\$ 27,767,840</u>
188,191	186,422	203,234	197,832
1,540,530	1,697,790	1,635,102	1,885,978
87,283	97,830	109,555	110,247
1,549,290	2,441,559	1,353,248	891,764
1,069,777	1,742,376	1,015,120	1,025,250
3,328,977	2,940,904	1,596,081	92,765
<u>7,764,048</u>	<u>9,106,881</u>	<u>5,912,340</u>	<u>4,203,836</u>
3,792,456	3,696,357	4,041,065	3,981,095
3,435,153	3,568,052	4,018,207	4,784,182
490,768	536,637	527,617	575,295
995,493	1,161,655	1,233,055	1,155,323
50,000	-	-	-
2,658,204	3,060,479	1,732,206	1,031,100
<u>11,422,074</u>	<u>12,023,180</u>	<u>11,552,150</u>	<u>11,526,995</u>
<u>\$ 19,186,122</u>	<u>\$ 21,130,061</u>	<u>\$ 17,464,490</u>	<u>\$ 15,730,831</u>

Continued on pages 124 and 125

## City of Newberg, Oregon

### CHANGES IN NET ASSETS (Continued) Last Eight Fiscal Years\* (Accrual basis of accounting - Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental activities	\$ (5,539,310)	\$ (1,515,577)	\$ (319,814)	\$ (4,156,679)
Business-type activities	(314,763)	2,699,462	5,669,573	4,089,380
Total government net (expense)/revenue	<u>\$ (5,854,073)</u>	<u>\$ 1,183,885</u>	<u>\$ 5,349,759</u>	<u>\$ (67,299)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	\$ 3,906,578	\$ 4,104,400	\$ 4,384,943	\$ 4,516,410
Franchise and public service taxes	1,574,901	1,673,012	1,766,651	1,900,102
Interest and investment earnings	168,233	147,157	214,035	517,511
Other revenues	84,833	43,998	24,341	93,872
Transfers	-	36,325	(87,700)	297,500
Total governmental activities	<u>5,734,545</u>	<u>6,004,892</u>	<u>6,302,270</u>	<u>7,325,395</u>
Business-type activities:				
Interest and investment earnings	156,077	101,296	161,294	391,060
Other revenues	-	16,909	9,104	23,073
Transfers	-	(36,325)	87,700	(297,500)
Total business-type activities	<u>156,077</u>	<u>81,880</u>	<u>258,098</u>	<u>116,633</u>
Total primary government	<u>\$ 5,890,622</u>	<u>\$ 6,086,772</u>	<u>\$ 6,560,368</u>	<u>\$ 7,442,028</u>
Change in Net Assets				
Governmental activities	\$ 195,235	\$ 4,489,315	\$ 5,982,456	\$ 3,168,716
Business-type activities	(158,686)	2,781,342	5,927,671	4,206,013
Total primary government	<u>\$ 36,549</u>	<u>\$ 7,270,657</u>	<u>\$ 11,910,127</u>	<u>\$ 7,374,729</u>

\* The City implemented the requirements of GASB 34 during the year ended June 30, 2003, which requires the reporting of changes in net assets. The above information will be accumulated yearly, until 10 years are reported.

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Fiscal Year			
2007	2008	2009	2010
\$ (5,238,691)	\$ (5,496,999)	\$ (9,293,090)	\$ (10,917,734)
2,277,041	2,228,631	299,003	(1,119,275)
<u>\$ (2,961,650)</u>	<u>\$ (3,268,368)</u>	<u>\$ (8,994,087)</u>	<u>\$ (12,037,009)</u>
\$ 5,235,416	\$ 5,569,777	\$ 5,868,949	\$ 6,216,930
1,999,652	2,252,953	2,691,385	2,877,133
641,392	545,879	225,064	65,112
123,702	61,455	65,961	73,412
330,572	362,800	10,023	(134,080)
<u>8,330,734</u>	<u>8,792,864</u>	<u>8,861,382</u>	<u>9,098,507</u>
547,749	541,546	307,681	88,262
1,501	1,950	12,971	-
(330,572)	(362,800)	(10,023)	134,080
<u>218,678</u>	<u>180,696</u>	<u>310,629</u>	<u>222,342</u>
<u>\$ 8,549,412</u>	<u>\$ 8,973,560</u>	<u>\$ 9,172,011</u>	<u>\$ 9,320,849</u>
\$ 3,092,043	\$ 3,295,865	\$ (431,708)	\$ (1,819,227)
2,495,719	2,409,327	609,632	(896,933)
<u>\$ 5,587,762</u>	<u>\$ 5,705,192</u>	<u>\$ 177,924</u>	<u>\$ (2,716,160)</u>

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## City of Newberg, Oregon

### FUND BALANCES, GOVERNMENTAL FUNDS Last Eight Fiscal Years\* (Modified accrual basis of accounting - Unaudited)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,052,696	3,063,862	2,209,318	2,159,044	2,492,834	3,516,106	3,137,138	2,778,800
Total general fund	<u>\$ 2,052,696</u>	<u>\$ 3,063,862</u>	<u>\$ 2,209,318</u>	<u>\$ 2,159,044</u>	<u>\$ 2,492,834</u>	<u>\$ 3,516,106</u>	<u>\$ 3,137,138</u>	<u>\$ 2,778,800</u>
All Other Governmental Funds								
Reserved	\$ 51,035	\$ 3,334,559	\$ 5,423,577	\$ 4,489,883	\$ 4,372,647	\$ 2,087,697	\$ 2,510,970	\$ 2,368,927
Unreserved, reported in:								
Special revenue funds	1,124,804	1,032,655	1,326,457	3,906,130	3,416,907	3,746,653	3,137,138	2,778,800
Capital project funds	2,314,027	117,088	235,792	248,122	250,082	328,932	3,218,015	2,839,521
Debt service funds	410,414	8,144	12,659	148,656	-	-	447,201	416,968
Total all other governmental funds	<u>\$ 3,900,280</u>	<u>\$ 4,492,446</u>	<u>\$ 6,998,485</u>	<u>\$ 8,792,791</u>	<u>\$ 8,039,636</u>	<u>\$ 6,163,282</u>	<u>\$ 9,313,324</u>	<u>\$ 8,404,216</u>

\* In connection with the City's implementation of GASB 34 during the year ended June 30, 2003, the City reclassified funds which makes prior periods not comparable. The above information will be accumulated yearly, until 10 years are reported.

## City of Newberg, Oregon

### CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Eight Fiscal Years\*

(Modified accrual basis of accounting - Unaudited)

Revenues	Fiscal Year			
	2003	2004	2005	2006
Property taxes	\$ 3,947,691	\$ 4,162,315	\$ 4,386,644	\$ 4,530,453
Other taxes	934,597	971,698	1,054,916	1,120,475
Licenses and permits	1,035,018	1,852,969	1,573,172	1,802,159
Fees	384,409	370,947	344,080	393,895
Intergovernmental	2,412,280	1,950,184	2,406,824	2,379,554
Charges for services	288,619	697,637	1,036,063	1,100,668
Fines and forfeitures	324,841	372,526	429,456	402,267
Facilities charge	200,678	198,898	199,333	141,515
Pension bond charge	-	-	183,752	226,308
Assessments	315,020	181,643	195,946	435,669
Donations	86,593	47,810	97,386	51,313
Interest	101,015	79,189	150,885	433,987
Miscellaneous	49,289	40,585	62,110	80,693
Total revenues	10,080,050	10,926,401	12,120,567	13,098,956
<b>Expenditures</b>				
General Government	215,926	151,075	224,322	320,521
Public safety	4,761,419	5,158,063	5,756,913	6,548,761
Library	778,196	851,581	858,670	931,122
Community development	1,649,642	1,905,235	2,112,567	2,313,711
Capital outlay	1,083,080	300,421	463,487	788,425
Debt service:				
Principal	524,000	543,000	430,000	350,000
Interest	399,322	374,552	501,529	470,057
Total expenditures	9,411,585	9,283,927	10,347,488	11,722,597
Excess of revenues over expenditures	\$ 668,465	\$ 1,642,474	\$ 1,773,079	\$ 1,376,359
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	345	924	6,116	9,973
Transfers in	226,670	267,988	1,262,602	1,286,990
Transfers out	(266,670)	(251,663)	(1,390,302)	(929,290)
Total other financing sources (uses)	(39,655)	17,249	(121,584)	367,673
Net Change in Fund Balances	\$ 628,810	\$ 1,659,723	\$ 1,651,495	\$ 1,744,032
Debt service as a percentage of noncapital expenditures	10.36%	10.22%	9.30%	7.45%

\* In connection with the City's implementation of GASB 34 during the year ended June 30, 2003, the City reclassified funds which makes prior periods not comparable. The above information will be accumulated yearly, until 10 years are reported.

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Fiscal Year			
2007	2008	2009	2010
\$ 5,237,046	\$ 5,489,184	\$ 5,771,564	\$ 6,116,052
1,350,421	1,437,566	1,540,473	1,785,188
1,054,402	1,775,174	1,035,880	438,833
259,447	327,104	262,592	448,378
2,342,905	3,312,751	3,710,471	2,889,274
627,204	956,724	515,779	507,505
673,757	795,005	718,032	702,616
143,939	112,274	111,584	112,910
80,803	87,555	172,510	182,172
96,759	424,330	95,898	66,251
88,919	87,988	167,242	67,347
559,287	442,582	177,690	47,415
88,503	82,493	24,702	26,686
<u>12,603,392</u>	<u>15,330,730</u>	<u>14,304,417</u>	<u>13,390,627</u>
240,424	175,606	258,720	269,939
7,381,582	7,551,074	8,626,587	9,102,481
986,596	1,102,814	1,160,795	1,128,967
2,739,887	2,819,165	3,006,150	2,532,012
1,148,026	4,133,679	405,319	467,193
370,000	380,000	810,000	445,000
460,861	451,141	424,862	398,504
<u>13,327,376</u>	<u>16,613,479</u>	<u>14,692,433</u>	<u>14,344,096</u>
<u>\$ (723,984)</u>	<u>\$ (1,282,749)</u>	<u>\$ (388,016)</u>	<u>\$ (953,469)</u>
23,818	5,810	11,929	-
1,634,755	4,066,158	474,013	592,145
<u>(1,353,954)</u>	<u>(3,642,301)</u>	<u>(463,990)</u>	<u>(547,784)</u>
<u>304,619</u>	<u>429,667</u>	<u>21,952</u>	<u>44,361</u>
<u>\$ (419,365)</u>	<u>\$ (853,082)</u>	<u>\$ (366,064)</u>	<u>\$ (909,108)</u>
6.86%	6.36%	8.60%	6.21%

## City of Newberg, Oregon

### MARKET AND ASSESSED VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Unaudited)

Fiscal Year	Real Property		Personal Property		Public Utilities		Total		Total Assessed to Total Market Value	Total Direct Tax Rate
	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value		
2001	\$ 902,478,735	\$ NA	\$ 37,043,472	\$ NA	\$ 19,994,258	\$ NA	\$ 959,516,465	\$ 738,123,196	76.9 %	4.91
2002	933,341,016	720,299,078	50,890,457	34,611,649	22,736,481	22,676,984	1,006,967,954	777,587,711	77.2	4.87
2003	989,818,740	751,219,099	54,740,072	34,151,762	22,309,048	22,306,888	1,066,867,860	807,677,749	75.7	4.98
2004	1,042,576,529	794,170,149	65,444,816	40,315,950	22,700,980	22,691,556	1,130,722,325	857,177,655	75.8	4.92
2005	1,157,059,678	846,515,219	66,055,436	37,540,653	24,468,406	24,455,106	1,247,583,520	908,510,978	72.8	4.89
2006	1,350,368,181	920,465,194	73,636,645	42,687,041	25,384,833	25,372,805	1,449,389,659	988,525,040	68.2	4.86
2007	1,801,093,855	1,040,201,584	73,709,784	40,254,456	30,422,065	30,410,000	1,905,225,704	1,110,866,040	58.3	4.82
2008	2,157,294,345	1,117,158,593	76,843,204	41,657,712	34,476,052	34,353,800	2,268,613,601	1,193,170,105	52.6	4.77
2009	2,126,087,681	1,196,243,394	81,654,686	44,117,744	31,574,007	31,560,500	2,239,316,374	1,271,921,638	56.8	4.69
2010	2,057,440,411	1,270,463,103	82,068,704	45,435,953	48,322,767	48,310,950	2,187,831,882	1,364,210,006	62.4	4.69

Information from the Yamhill County Assessment and Taxation Department

Note: In May 1997, Oregon voters approved Measure 50 that revised the property tax system state-wide effective July 1, 1997. For property tax purposes, the measure changed a property's assessed valuation from real market value to a value for tax purposes. For FY 97-98, a property's assessed value for tax purposes will equal the property's market value as of July 1, 1995 less 10%. In addition, the maximum assessed value of a property was limited to a maximum of 3% growth per year.

**City of Newberg, Oregon**

**PROPERTY TAX RATES (1) - DIRECT AND OVERLAPPING GOVERNMENTS**

Last ten fiscal years

Fiscal Year Ending June 30,	City		County		Park District	School District		Other Districts	Total
	Operating	Debt	Operating	Debt	Operating	Operating	Debt	Operating	
2001	\$ 4.38	\$ 0.53	\$ 2.57	\$ 0.00	\$ 0.91	\$ 4.66	\$ 2.06	\$ 0.80	\$ 15.91
2002	4.38	0.49	2.57	0.00	0.91	4.66	2.19	1.00	16.20
2003	4.38	0.60	2.57	0.00	0.91	4.66	1.99	0.93	16.04
2004	4.38	0.54	2.57	0.00	0.91	4.66	4.16	0.65	17.87
2005	4.38	0.51	2.57	0.00	0.91	4.66	3.55	0.66	17.24
2006	4.38	0.48	2.57	0.00	0.91	4.66	3.51	0.63	17.14
2007	4.38	0.44	2.57	0.00	0.91	4.66	3.61	0.87	17.44
2008	4.38	0.39	2.57	0.00	0.91	4.66	3.88	0.89	17.69
2009	4.38	0.31	2.57	0.00	0.91	4.66	3.64	0.89	17.36
2010	4.38	0.31	2.57	0.00	0.91	4.66	3.58	1.02	17.43

(1) Rates are per \$1,000 of assessed value

Source: Yamhill County Assessor

**City of Newberg, Oregon**

PRINCIPAL TAXPAYERS  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	Type of Business	Rank	2010		2001		
			Taxable Assessed Valuation	% of City Taxable Assessed Valuation (a)	Rank	Taxable Assessed Valuation	% of City Taxable Assessed Valuation (b)
Joan D. Austin	Land Development	1	\$ 22,715,992	1.67%	1	\$ 29,049,436	3.94%
George K JR & Joan Austin	Land Development	2	16,565,770	1.21%		-	-
Portland General Electric Co.	Electric Utility	3	14,120,000	1.04%	2	8,976,200	1.22%
Verizon	Telecommunications Utility	4	12,758,500	0.94%	8	5,404,649	0.73%
NW Natural Gas	Natural Gas Utility	5	12,716,400	0.93%	10	4,278,968	0.58%
Fred Meyer	Retail, Mixed	6	11,241,057	0.82%	4	8,119,540	1.10%
Adec, Inc.	Dental Equipment	7	10,333,480	0.76%	3	8,482,582	1.15%
Friendsview Manor	Retirement Residence	8	9,218,069	0.68%		-	-
Climax	Portable Machine Tools	9	8,276,652	0.61%		-	-
Chehalem Springs	Retirement Residence	10	7,956,570	0.58%		-	-
Ushio Oregon, Inc.	Halogen lamps for copiers		-	0.00%	5	5,954,268	0.81%
Buckhorn Trading	Electronics		-	0.00%	7	5,600,842	0.76%
Moll Plasticrafters	Injection Molding		-	-	6	5,922,398	0.80%
Raymond P. Bailey	Land Development		-	-	9	5,026,571	0.68%
<b>TOTAL</b>			<u>\$ 125,902,490</u>	<u>9.23%</u>		<u>\$ 86,815,454</u>	<u>11.76%</u>

(a) City of Newberg's 2009-10 assessed valuation was \$1,364,210,006

(b) City of Newberg's 2000-01 assessed/market valuation was \$738,123,196

Information from the Yamhill County Department of Assessment and Taxation

**City of Newberg, Oregon**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years		Percentage of Levy
		Amount*	Percentage of Levy	Amount	Percentage of Levy	
2001	\$ 3,627,593	\$ 3,429,658	94.54%	\$ 181,611	\$ 3,611,269	99.55%
2002	3,792,830	3,579,280	94.37%	166,898	3,746,178	98.77%
2003	4,026,837	3,844,613	95.47%	123,835	3,968,448	98.55%
2004	4,247,630	4,075,652	95.95%	163,483	4,239,135	99.80%
2005	4,482,284	4,292,223	95.76%	178,407	4,470,630	99.74%
2006	4,821,652	4,649,221	96.42%	74,070	4,723,290	97.96%
2007	5,385,785	5,137,305	95.39%	225,321	5,362,626	99.57%
2008	5,699,289	5,465,883	95.90%	159,885	5,625,768	98.71%
2009	6,024,153	5,713,963	94.85%	171,032	5,884,995	97.69%
2010	6,404,370	6,029,837	94.15%	-	6,029,837	94.15%

Source: Tax Turnover report from Yamhill County

\* Includes Discount Allowed

## City of Newberg, Oregon

### RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last ten fiscal years

Fiscal Year Ending June 30,	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Fund Balance (4)	Debt Payable From Enterprise Revenues (5)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2001	18,064	\$ 738,123,196	\$ 7,560,000	\$ 637,533	\$ 2,555,000	\$ 4,367,467	0.59	\$ 241.78
2002	18,280	777,587,711	6,705,000	446,420	1,975,000	4,283,580	0.55	234.33
2003	18,750	807,677,749	5,800,000	383,380	1,360,000	4,056,620	0.50	216.35
2004	19,530	857,177,655	4,845,000	344,963	705,000	3,795,037	0.44	194.32
2005	19,910	908,510,978	3,920,000	422,229	-	3,497,771	0.39	175.68
2006	20,565	988,525,040	3,685,000	416,464	-	3,268,536	0.33	158.94
2007	20,570	1,110,866,040	3,440,000	497,241	-	2,942,759	0.26	143.06
2008	21,675	1,193,170,105	3,190,000	560,067	-	2,629,933	0.22	121.33
2009	22,645	1,271,921,638	2,525,000	146,819	-	2,378,181	0.19	105.02
2010	23,150	1,364,210,006	2,245,000	150,224	-	2,094,776	0.15	90.49

(1) Portland State University, Annual Population Statistics

(2) Yamhill County Assessor

(3) June 30 principal balance, annual financial statements

(4) Amount restricted for repayment of general long-term debt, annual financial statements

(5) Enterprise fund debt - water and sewer funds, annual financial statements

**City of Newberg, Oregon**

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS

	June 30, 2010		
Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct			
City of Newberg	\$ 2,094,776	100.00%	\$ 2,094,776
Overlapping			
School District 29J	73,173,329	55.23%	404,106
Total	\$ 75,268,105		\$ 2,498,882

(1) Based on percentage of assessed value

Sources:                   Annual financial statements  
                                  Yamhill County Assessor  
                                  Newberg School District 29J

**City of Newberg, Oregon**

LEGAL DEBT MARGIN INFORMATION

Last ten fiscal years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$28,785,494	\$30,209,039	\$32,006,036	\$33,921,670	\$37,427,506	\$43,481,690	\$57,156,771	\$68,058,408	\$67,179,491	\$65,634,956
Total net debt applicable to limit	4,367,467	4,283,580	4,056,620	3,795,037	3,497,771	3,268,536	2,942,759	2,629,933	2,378,181	2,094,776
Legal debt margin	<u>\$24,418,027</u>	<u>\$25,925,459</u>	<u>\$27,949,416</u>	<u>\$30,126,633</u>	<u>\$33,929,735</u>	<u>\$40,213,154</u>	<u>\$54,214,012</u>	<u>\$65,428,475</u>	<u>\$64,801,310</u>	<u>\$63,540,180</u>
Total net debt applicable to the limit as a percentage of debt limit	15.17%	14.18%	12.67%	11.19%	9.35%	7.52%	5.15%	3.86%	3.54%	3.19%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Real Market Value	2,187,831,882
Debt Limit	65,634,956
Debt Applicable to limit:	
General obligation bonds	2,245,000
Less: Amount set aside for repayment of general obligation debt	<u>(150,224)</u>
Total net debt applicable to limit	<u>2,094,776</u>
Legal debt margin	<u>\$63,540,180</u>

Note: under state finance law, the City's outstanding general obligation debt should not exceed 3% of total real market property value.

## City of Newberg, Oregon

### RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activities				(1) Percentage of Personal Income	(1) Per Capita
	General Obligation Bonded Debt	Certificates of Participation	Limited Tax Pension Bonds	(2) Other Obligations	General Obligation Bonded Debt	Loans	Capital Leases	Total Government		
2001	\$ 4,730,000	\$ 3,370,000	\$ -	\$ 767,400	\$ 2,555,000	\$ 910,356	\$ -	\$ 12,332,756	0.57	683
2002	4,440,000	3,185,000	-	531,105	1,975,000	874,046	-	11,005,151	0.50	602
2003 *	4,140,000	2,990,000	2,720,000	250,458	1,360,000	5,537,468	89,468	17,087,394	0.75	911
2004	3,920,000	2,790,000	2,720,000	41,549	705,000	8,137,173	145,644	18,459,366	0.75	945
2005	3,685,000	2,580,000	2,720,000	20,908	-	7,770,397	91,195	16,867,500	0.64	847
2006	3,440,000	2,465,000	2,720,000	8,903	-	12,562,971	51,724	21,248,598	0.73	1,033
2007	3,190,000	2,340,000	2,720,000	3,649	-	16,330,766	27,684	24,612,099	0.79	1,136
2008	3,190,000	2,210,000	2,720,000	269,377	-	21,546,403	2,489	29,938,269	0.93	1,381
2009	2,525,000	2,075,000	2,710,000	205,265	-	23,192,962	201	30,708,428	N/A	1,356
2010	2,245,000	1,930,000	2,690,000	161,717	-	24,170,735	-	31,197,452	N/A	1,348

\* Converted financial statements to conform with the requirements of GASB 34. Some funds were reclassified between the governmental activities and the business-type activities

(1) See the Demographics page for personal income and per capita information

(2) Other Obligations include the following: Loans, Capital Leases and Limited Tax Obligation Improvement Bonds

## City of Newberg, Oregon

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Last ten fiscal years

Fiscal Year Ending June 30,	(1) Population	(2) Per Capita Income	Total Personal Income (thousands of dollars)	(3) School Enrollment	(4) Unemployment Rate	
2001	18,064	\$ 25,024	\$ 2,163,024	4,889	5.4	%
2002	18,280	25,213	2,215,647	4,959	6.6	
2003	18,750	25,479	2,278,649	5,061	8.6	
2004	19,530	27,030	2,448,874	5,085	7.0	
2005	19,910	28,713	2,643,873	5,122	6.7	
2006	20,570	31,044	2,911,000	5,148	5.4	
2007	21,675	32,290	3,109,495	5,136	4.8	
2008	21,675	32,700	3,202,681	5,205	5.4	
2009	22,645	NA	NA	5,163	13.2	
2010	23,150	NA	NA	5,175	10.5	

(1) Portland State Center for Population and Census, Portland SMSA

(2) U.S. Department of Commerce, Bureau of Economic Analysis (BEA) (Yamhill County)

(3) Newberg School District

(4) State of Oregon, Employment Division, August 2010 Portland Metropolitan Labor Trends (Yamhill County) for June 2010

## City of Newberg, Oregon

### PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago  
(Unaudited)

	2010			2001		
	(1) <u>Employees</u>	Rank	Percentage of Total City <u>Employment</u>	(2) <u>Employees</u>	Rank	Percentage of Total City <u>Employment</u>
A-dec	952	1	9.72%	880	1	N/A
Newberg Public Schools	566	2	5.78%	525	2	N/A
Providence Newberg Hospital	545	3	5.56%	360	4	N/A
George Fox University	412	4	4.21%	460	3	N/A
SP Newsprint Co.	265	5	2.71%	350	5	N/A
Fred Meyer	240	6	2.45%			
City of Newberg	196	7	2.00%	140	8	N/A
Allison Inn	160	8	1.63%			
Friendsview Retirement Community	150	9	1.53%			
Climax Portable Machine Tools	131	10	1.34%			N/A
EFTC NW Operations				300	6	N/A
Allen Machinery/FMC Food Tech				200	7	N/A
Ushio				100	10	N/A
Moll Industries				105	9	N/A
Total	9,796		36.92%	N/A		N/A

(1) Chehalem Valley Chamber of Commerce Business & Community Directory 2010-11, City of Newberg Finance Dept, & Newberg School District, Allison Inn information from 06/20/2009 Oregonian newspaper

(2) Newberg Area Chamber of Commerce Directory 2001

## City of Newberg, Oregon

### FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM Last Eight Fiscal Years\* (Unaudited)

<b><u>Function/Program</u></b>	Full-time Equivalent Employees as of June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
	General government	9.00	12.22	13.47	14.57	18.40	23.25	20.8
Public safety	49.70	48.20	51.98	56.48	64.14	60.61	67.96	70.76
Library	11.38	11.03	11.03	12.25	12.25	13.14	13.14	13.36
Community development	16.81	15.12	17.74	20.90	21.31	21.29	22.23	18.73
Water	17.35	15.44	15.85	14.67	16.99	17.30	18.43	18.43
Wastewater	17.34	16.41	16.06	15.89	17.02	16.28	17.16	17.16
Storm water	0.00	2.66	2.58	3.58	3.58	3.38	4.58	4.58
Emergency medical services	7.10	7.10	6.60	6.60	6.60	6.60	6.6	6.6
<b>TOTAL</b>	<b><u>128.68</u></b>	<b><u>128.18</u></b>	<b><u>135.31</u></b>	<b><u>144.94</u></b>	<b><u>160.29</u></b>	<b><u>161.85</u></b>	<b><u>170.90</u></b>	<b><u>169.92</u></b>

Source: City of Newberg Finance Department- Budgets

\* The City implemented the requirements of GASB 44 during the year ended June 30, 2005. The City has chosen to present new trend information starting with the GASB 34 implementation date of June 30, 2003. The above information will be accumulated yearly, until 10 years are reported.

**City of Newberg, Oregon**

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Eight Fiscal Years\*  
(Unaudited)

<b>Function/Program</b>	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General government</b>								
Number of Council resolutions	68	49	71	70	58	76	61	51
<b>Public safety</b>								
Number of adult arrests	NA	1,386	1,488	1,438	1,436	1,406	1,252	1,458
Number of citations	NA	3,754	3,511	4,327	4,789	4,842	4,326	6,364
Number of emergency calls responded to (fire)	2,896	3,052	3,067	3,591	3,595	3,671	3,670	3,956
<b>Library</b>								
Annual Checkouts	NA	202,608	215,248	219,332	228,101	245,287	256,689	280,202
Reference Questions Answered	NA	13,257	15,521	15,032	15,642	15,642	15,555	15,715
Event Attendance	NA	13,270	13,716	20,745	23,193	21,264	19,638	18,065
<b>Community development</b>								
Building Inspections	3,965	8,143	10,036	22,177	13,868	10,831	10,646	7,922
Building Permits Residential	304	422	483	433	270	190	153	58
<b>Water</b>								
Water-# of a/c	5,168	5,269	5,433	6,092	6,116	6,307	6,318	6,471
Water-total gallons treated	995	969	932	1,042	1,067	997	968	951
<b>Wastewater</b>								
Wastewater Total gallons treated (millions of gallons)	1,076	955	770	1,277	1,205	1,185	1,023	1,221
<b>Storm water</b>								
<b>Emergency Medical Services</b>								
Ambulance Transports	1,525	1,631	1,690	1,842	1,916	2,047	2,087	2,027

Source: Various City of Newberg departments

\* The City implemented the requirements of GASB 44 during the year ended June 30, 2005. The City has chosen to present new trend information starting with the GASB 34 implementation date of June 30, 2003. The above information will be accumulated yearly, until 10 years are reported.

## City of Newberg, Oregon

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Last Eight Fiscal Years\* (Unaudited)

<b><u>Function/Program</u></b>	<u>Fiscal Year</u>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public safety								
Police related vehicles	19	17	19	18	21	24	24	26
Number of fire stations	2	2	2	2	2	2	2	2
Library								
Library building	1	1	1	1	1	1	1	1
Community development								
Miles of road	51.7	53.4	56.1	63.7	66.6	69.0	70.5	70.8
Water								
Total water reservoir capacity (millions of gallons)	8	12	12	12	12	12	12	12
Number of reservoirs	2	3	3	3	3	3	3	3
Wastewater								
Miles of wastewater lines	73.07	71.38	69.34	73.36	77.64	80.53	80.36	80.6
Storm water								
Miles of storm lines	51.54	49.93	48.77	55.76	56.34	63.7	64.74	65.9
Emergency Medical Services								
Ambulances	6	6	7	6	6	6	6	7

Source: Various City of Newberg departments

\* The City implemented the requirements of GASB 44 during the year ended June 30, 2005. The City has chosen to present new trend information starting with the GASB 34 implementation date of June 30, 2003. The above information will be accumulated yearly, until 10 years are reported.

***REPORTS OF INDEPENDENTLY  
CERTIFIED PUBLIC ACCOUNTANTS  
REQUIRED BY STATUTES***

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

We have audited the basic financial statements of the **CITY OF NEWBERG** as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the **CITY OF NEWBERG**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the City's 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 NEWBERG's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's 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 the **CITY OF NEWBERG** and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

**Boldt, Carlisle & Smith LLC**  
Certified Public Accountants  
Salem, Oregon  
November 22, 2010