

City of Newberg, Oregon
Comprehensive Annual Financial
Report
Year Ended June 30, 2013

Serious About Service!



Newberg Public
LIBRARY

Public Works ~ Planning ~ Building



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CITY OF NEWBERG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

Prepared by:

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

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CITY OF NEWBERG, OREGON

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2013**

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INTRODUCTORY SECTION

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November 27, 2013

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, 2013 is hereby submitted.

This report presents the financial position of the City as of June 30, 2013 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 unmodified opinion on the City of Newberg's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report, beginning with page A.

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 6.83 square miles and a 2013 population of 22,300. The City has the authority to extend its corporate limits by annexation. During the 2012-13 fiscal year the City annexed two parcels, one for 0.36 acres at 208 N Springbrook Road and 1 acre south of 2119 Crater Lane.

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 three positions being appointed every other year. 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 police, Newberg and Dundee fire 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 streets and related infrastructure; and the water, wastewater treatment and stormwater 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 with the passing of Measure 50 in May of 1997, 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 to 90% of the 1995-96 real market value of the property. The annual growth rate is capped at 3% with greater increases allowed for major remodeling and new construction.

In addition, taxes on any individual property may not exceed Measure 5 tax limits of \$5 per \$1,000 of real market value for schools and \$10 per \$1,000 for general government, like the City and other special districts. These districts include: Chehalem Park & Recreation District, Yamhill County, Yamhill County Extension Service and Yamhill County Soil & Water. Voter approved bonds may exceed the Measure 5 limits, but other temporary levies may not. The City has a permanent tax rate of \$4.3827 per \$1,000 of assessed value. Assessed values and market values are set at 12:01 a.m. of each January 1st for taxes levied for the following fiscal year.

What properties are subject to property taxation? The majority of taxable property in Newberg is residential, with some commercial and multi-housing property, and a small amount of industrial properties. There are quite a few non-taxable properties within the City limits such as all the churches, the university, K-12 schools, government buildings and the hospital.

With the continued decrease in market value of properties, the gap between assessed value and real market value is narrowing rapidly. The number of houses that are capped at real market value since 2009 has increased dramatically.

During 2011-12 to 2012-13, the City's assessed value increased 3.36% and the market value decreased 2.25%. The difference between market value and assessed value is \$382.8 million compared to \$476.6 million the prior year.

Table 1
City of Newberg Assessed and Market Values

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|----------------|---------------|---------------|---------------|---------------|
| Assessed Value | 1,364,210,006 | 1,441,923,513 | 1,479,778,703 | 1,529,465,962 |
| Percent Change | 7.26% | 5.70% | 2.63% | 3.36% |
| Market Value | 2,187,831,882 | 2,193,902,961 | 1,956,379,200 | 1,912,302,698 |
| Percent Change | -2.30% | 0.28% | -10.83% | -2.25% |

Source: Yamhill County Assessor's Office

During the fiscal year 2012-13, construction began to increase. The following chart gives a list of the building permits, commercial versus residential, for the past four years:

| Building Permits | <u>2009-10</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> |
|------------------|----------------|----------------|----------------|----------------|
| Commercial | 105 | 121 | 97 | 120 |
| Residential | <u>181</u> | <u>88</u> | <u>117</u> | <u>133</u> |
| Total | 286 | 209 | 214 | 253 |

Residential construction permits are beginning to increase, but the City still has a ways to go to get back to the 2008-09 levels. Residential activity was 13.7% higher over that of the prior year. The total inspections for the 2012-13 fiscal year were 4,998 compared to 4,038 in 2011-12 fiscal year. The Building Inspection Department has been experiencing increasing revenues. The 2012-13 year-end balance was higher than anticipated.

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 Providence Newberg Medical Center, George Fox University, Fred Meyer, the Allison Inn, Friendsview Retirement Community and Climax Portable Machine Tools. The unemployment rates in the area have been declining. As of June 2013, the unemployment rates were the following:

Unemployment Rates:

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|-----------------|-------------|-------------|-------------|-------------|
| Yamhill County | 10.5% | 9.3% | 8.4% | 7.6% |
| State of Oregon | 10.2% | 9.4% | 8.6% | 7.9% |
| National USA | 9.5% | 9.2% | 8.4% | 7.6% |

Source: Bureau of Labor Statistics Data website at <http://data.bls.gov> for Oregon and <http://daba.bls.gov> for National USA.

Rising retirement costs continue to be an economic challenge. In 2004, the City entered into an agreement with several other local cities to go in together to take out a loan in an attempt to stop the ever increasing unfunded liability of O-PERS. Depending on the time a loan is sold on the market, the results can be one of the three options: very beneficial, neither positive nor negative, or very negative. Over the long-term, the impact of the debt has been neutral. However, since the market crash in 2008, the PERS rates have continued to skyrocket every year. PERS rates are set for a two-year period. The rates for the fiscal year were the same as the previous year at 14.75% for Tier 1/Tier 2 employees, 7.35% for OPSRP general employees, and 10.06% for OPSRP public safety employees.

Major Activities and Accomplishments

For the Year. 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.

Over the course of a few years, the Newberg Public Library raised enough money from donations to remodel the Children's Room. The Library was closed for several days while the remodel took place. The grand opening is expected to be mid 2013-14.

Finishing touches were made on the shell of the new Animal Shelter facility in order to get the certificate of occupancy. A memo of understanding was agreed upon between the City and the Newberg Animal Shelter Friends (NASF). The Shelter will be run by the City (Police Department through Animal Control) with Newberg Animal Shelter Friends still continuing with fund raising for special projects associated with the animal shelter. In March 2013, the animals were moved from the old, cold, cramped, and inadequate "temporary" animal shelter that was built back in 1976 into the new and spacious permanent facility with heat and roomy pens.

Groundbreaking for the Newberg-Dundee Bypass took place on August 29, 2012. After decades of statements "we need a bypass", it is finally happening. Properties have been purchased by ODOT and negotiations have been entered into between ODOT and the affected cities of Yamhill County (McMinnville, Newberg, and Dundee) and the Grand Ronde Tribe for financing Phase 1 of the Newberg-Dundee Bypass.

The Public Works Operations and Maintenance divisions decided to unionize during 2012-13. The City Council approved the bargaining unit on February 4, 2013. This will present new challenges for the City going forward.

The City continues to evaluate the staffing needs. Every job that becomes vacant gets evaluated. Some jobs get filled, some get delayed in being filling, and then there are others that don't get filled. With the laying off of several staff over the years, several departments are being restructured to be more efficient. The Public Works Department was the first to experience this restructure during 2012-13.

For the Future.

The City continues to focus on City operations, the street system, providing sufficient quality water to the community, improving wastewater treatment processes, and improving the downtown. Over the past several years the City has grown to the point that the wastewater treatment plant has reached its maximum capacity. The City is at the end of construction on phase 1 of the repair and renovation of the wastewater treatment plant and is beginning phase 2 of the upgrade. Clean Water State Revolving Loan Fund, through the Department of Environmental Quality, has given the City a line of credit in the amount of \$11,409,645 to provide funding for construction during the first phase. The City has also

been granted another loan by the Department of Environmental Quality in the amount of \$14,484,130 for Phase 2 of the wastewater treatment plant repair, renovation and expansion.

Construction of Phase 1 of the Newberg-Dundee Bypass began with work on the section of road that will tie in to Springbrook Road. Phase 1 is expected to take about four years to complete. The City will be sharing in the financing of Phase 1 through the Oregon Department of Transportation. Interest only will be paid through 2016 and then principal and interest over the next 20 years.

Another major construction project is Sheridan Street. Newberg has created a cultural district around the Chehalem Cultural Center and this street is next to the Center. The reconstruction of the street is being done in cooperation with Chehalem Park and Recreation District and Chehalem Cultural Center. The benefit of this cooperation is that it brings more people to the community through the Center which benefits the local businesses.

The City received notice from the PERS Board that the City's revised pension retirement rates for the next fiscal year will be 14.91% for Tier 1/Tier 2 employees, 7.73% for OPSRP general employees, and 10.46% for OPSRP public safety employees. This is a slight increase of 1 to 5% over prior year's rates. The City budgeted higher rates for 2013-14 based upon initial forecasts. However, with the passage of Oregon Senate Bill 822 late in 2012-13, the City will be putting the difference between budgeted rates and actual rates into a reserve account to prepare for future legal challenges to the legislation.

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, 2012. This was the 21st 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



Government Finance Officers Association

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

Presented to

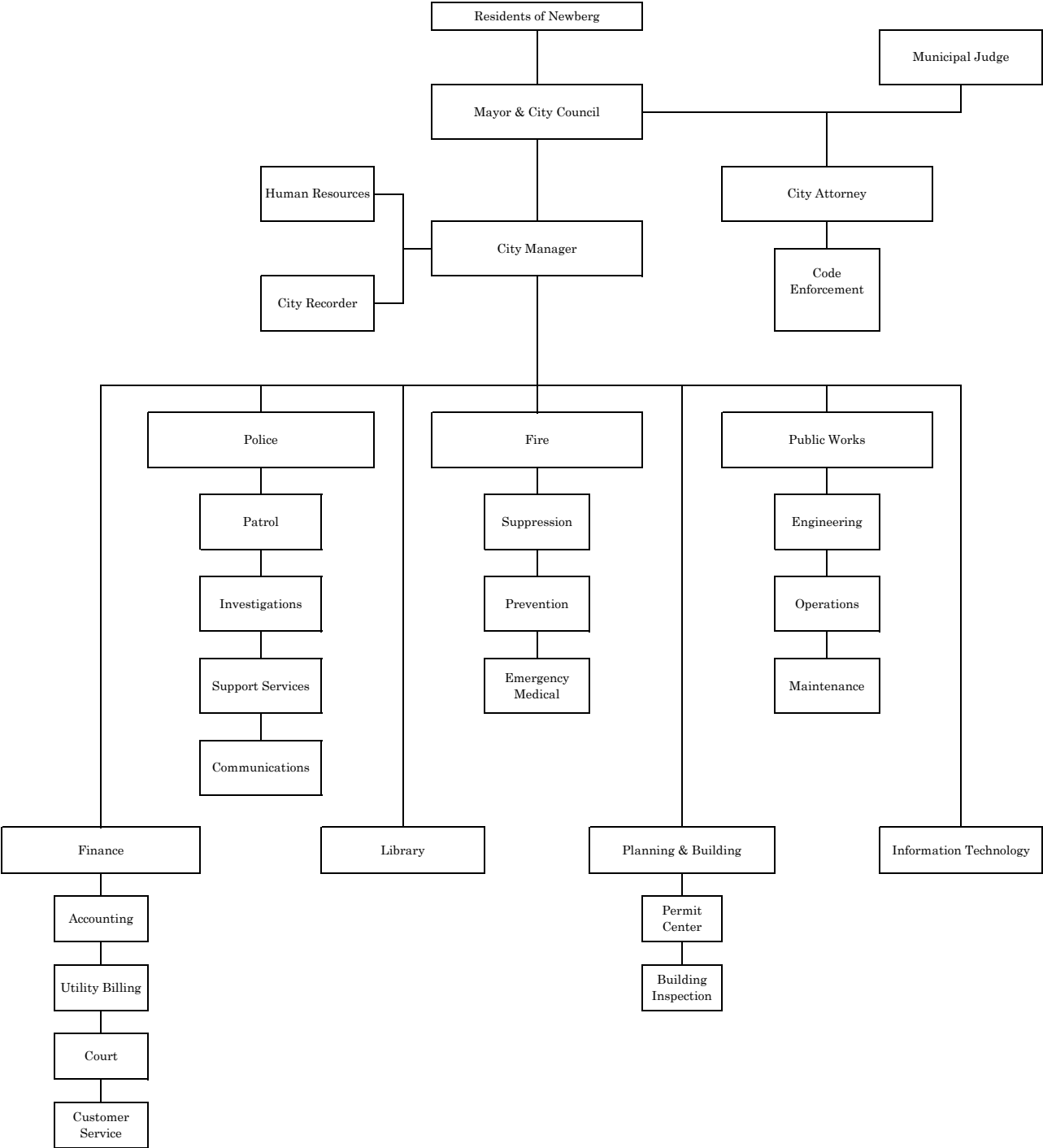
**City of Newberg
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Newberg, Oregon



City of Newberg, Oregon

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

| MAYOR | TERM EXPIRATION |
|---|-------------------|
| Bob Andrews PO Box 970 Newberg, OR 97132 | December 31, 2014 |
| COUNCIL MEMBERS | |
| Stephen McKinney PO Box 970 Newberg, OR 97132 | December 31, 2014 |
| Ryan Howard PO Box 970 Newberg, OR 97132 | December 31, 2014 |
| Bart Rierson PO Box 970 Newberg, OR 97132 | December 31, 2014 |
| Lesley Woodruff PO Box 970 Newberg, OR 97132 | December 31, 2016 |
| Mike Corey PO Box 970 Newberg, OR 97132 | December 31, 2016 |
| Denise Bacon PO Box 970 Newberg, OR 97132 | December 31, 2016 |
| ADMINISTRATOR | |
| Dan Danicic, City Manager | |
| LEGAL COUNSEL | |
| Terrence D. Mahr, City Attorney | |

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibility (continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a* through *o* 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.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. 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 basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects in relation to the basic 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 do not express an opinion or provide any assurance on them.

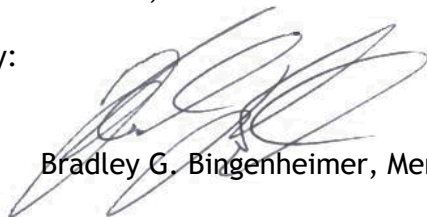
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 22, 2013, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
November 22, 2013

By:



Bradley G. Bingenheimer, Member

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CITY OF NEWBERG, OREGON

Management's Discussion and Analysis

For the Year Ended June 30, 2013

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, 2013. 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 \$146 million. Of this amount, \$21.6 million is 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 position of the City increased by \$3.4 million during the fiscal year. Increases in revenues from business-type activities resulted in positive results.
- The Wastewater Treatment Plant repairs and renovations project continued during 2012-13 resulting in \$5.2 million in new debt issuance.
- System development fees increased \$0.5 million during 2012-13.
- Property taxes increased \$0.1 million or 1.4% during the fiscal year. Public service taxes increased slightly over the prior fiscal year.
- Depreciation expense for 2012-13 was \$5,029,435.
- Total cost of all programs was \$27.5 million, an increase of \$0.3 million.

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 governmental or business-type activities and are presented using the full accrual basis of accounting. Governmental activities include basic services such

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

as public safety, library, community development and general government administration. Business-type activities are water, wastewater, stormwater and emergency medical services. The government-wide statements include the Statement of Net Position and the Statement of Activities.

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 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, stormwater, 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.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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.

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.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as a useful indicator of a government's financial position especially when viewed over multiple periods of time. In the case of the City, assets exceed liabilities by \$146 million at the close of the most recent fiscal year. This represents a \$3.4 million increase over the prior fiscal year.

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

TABLE 1
NET POSITION AT YEAR END
(in millions)

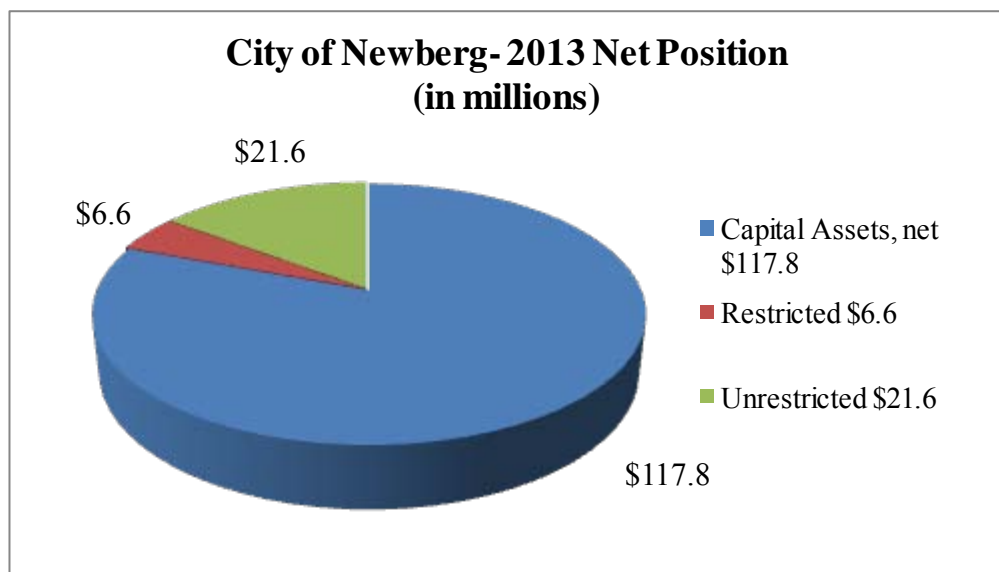
| | Governmental Activities | | Business-type Activities | | Total Government | |
|----------------------------------|------------------------------------|----------------|-------------------------------------|----------------|-----------------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Cash and investments | \$ 11.0 | \$ 9.9 | \$ 19.6 | \$ 15.4 | \$ 30.6 | \$ 25.3 |
| Other assets | 2.9 | 3.7 | 1.8 | 1.6 | 4.7 | 5.3 |
| Capital assets | 75.9 | 76.3 | 71.4 | 68.6 | 147.3 | 144.9 |
| Total assets | <u>89.8</u> | <u>89.9</u> | <u>92.8</u> | <u>85.6</u> | <u>182.6</u> | <u>175.5</u> |
| Long-term obligations | 7.5 | 7.8 | 26.9 | 23.0 | 34.4 | 30.8 |
| Other liabilities | 1.0 | 1.2 | 1.2 | 0.9 | 2.2 | 2.1 |
| Total liabilities | <u>8.5</u> | <u>9.0</u> | <u>28.1</u> | <u>23.9</u> | <u>36.6</u> | <u>32.9</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 72.7 | 72.8 | 45.1 | 46.2 | 117.8 | 119.0 |
| Restricted | 4.0 | 4.0 | 2.6 | 2.3 | 6.6 | 6.3 |
| Unrestricted | 4.6 | 4.1 | 17.0 | 13.2 | 21.6 | 17.3 |
| Total net position | <u>\$ 81.3</u> | <u>\$ 80.9</u> | <u>\$ 64.7</u> | <u>\$ 61.7</u> | <u>\$ 146.0</u> | <u>\$ 142.6</u> |

By far, the largest portion of the City of Newberg's net position (\$117.8 million, or 80.7%) reflects 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. Although the City of Newberg's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate these liabilities.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

An additional portion of the City of Newberg's net position represents resources that are subject to external restrictions on how they may be used. Restricted net assets total \$6.6 million, or 4.5%, and represent cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position totaling \$21.6 million, or 14.8%, may be used to meet the City's ongoing obligations.

At the end of the current fiscal year, the City of Newberg is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

STATEMENT OF ACTIVITIES

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

TABLE 2
GOVERNMENTAL AND PROPRIETARY ACTIVITIES
FOR FISCAL YEARS ENDING JUNE 30, 2013 and 2012
(in millions)

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---|------------------------------------|----------------|-------------------------------------|----------------|-----------------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | | | |
| Charges for services | \$ 3.5 | \$ 3.4 | \$ 13.7 | \$ 13.2 | 17.2 | 16.6 |
| Operating grants and contributions | 1.3 | 1.2 | - | - | 1.3 | 1.2 |
| Capital grants and contributions | 0.8 | 0.8 | 1.3 | 0.7 | 2.1 | 1.5 |
| Taxes | 10.1 | 9.9 | - | - | 10.1 | 9.9 |
| Interest | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 |
| Other | - | 0.2 | - | - | - | 0.2 |
| Total revenues | <u>15.8</u> | <u>15.6</u> | <u>15.1</u> | <u>14.0</u> | <u>30.9</u> | <u>29.6</u> |
| Expenses | | | | | | |
| General government | 0.4 | 0.4 | - | - | 0.4 | 0.4 |
| Public safety | 10.2 | 9.9 | - | - | 10.2 | 9.9 |
| Library | 1.2 | 1.2 | - | - | 1.2 | 1.2 |
| Community development | 3.3 | 3.3 | - | - | 3.3 | 3.3 |
| Interest on long-term debt | 0.3 | 0.3 | - | - | 0.3 | 0.3 |
| Water | - | - | 4.3 | 4.7 | 4.3 | 4.7 |
| Wastewater | - | - | 5.3 | 5.2 | 5.3 | 5.2 |
| Stormwater | - | - | 1.1 | 0.9 | 1.1 | 0.9 |
| Emergency medical services | - | - | 1.4 | 1.3 | 1.4 | 1.3 |
| Total expenses | <u>15.4</u> | <u>15.1</u> | <u>12.1</u> | <u>12.1</u> | <u>27.5</u> | <u>27.2</u> |
| Increase (decrease) in net assets before transfers | <u>0.4</u> | <u>0.5</u> | <u>3.0</u> | <u>1.9</u> | <u>3.4</u> | <u>2.4</u> |
| Transfers | <u>-</u> | <u>(0.1)</u> | <u>-</u> | <u>0.1</u> | <u>-</u> | <u>-</u> |
| Changes in net position | 0.4 | 0.4 | 3.0 | 2.0 | 3.4 | 2.4 |
| Beginning net position | 80.9 | 80.5 | 61.7 | 59.7 | 142.6 | 140.2 |
| Ending net position | <u>\$ 81.3</u> | <u>\$ 80.9</u> | <u>\$ 64.7</u> | <u>\$ 61.7</u> | <u>\$ 146.0</u> | <u>\$ 142.6</u> |

Governmental Activities

During the current fiscal year, the net position for governmental activities increased \$0.4 million from the prior fiscal year for an ending balance of \$81.3 million. While the current recession certainly had an impact on the City of Newberg, management was able to take various actions (e.g. forgoing some employee cost of living and merit increases, cuts to services, holding materials and services costs steady) that neutralized its effect on governmental activities. Revenues increased slightly over the prior fiscal year, while expenses held nearly steady. An analysis of the revenue sources follows:

CITY OF NEWBERG, OREGON

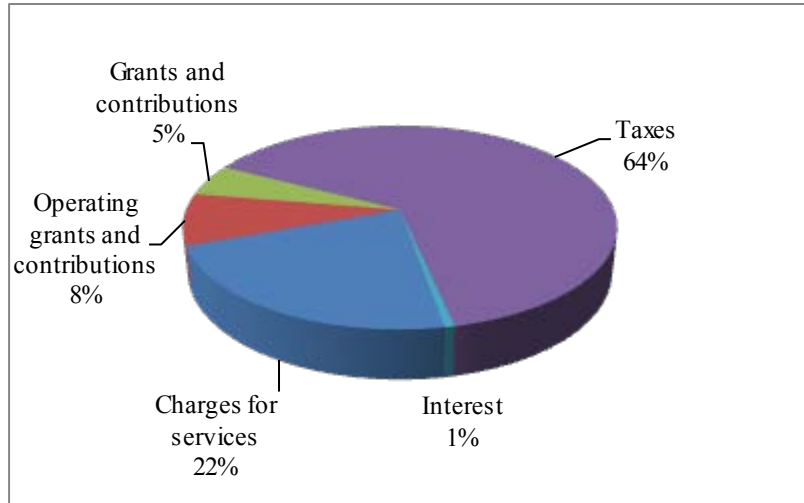
Management's Discussion and Analysis

For the Year Ended June 30, 2013

- Charges for services – These are revenues that arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. This category also includes municipal court revenues from issuance of traffic citations. Building inspection activity increased over the prior fiscal year. This increase was the main contributor to the \$0.1 million change in charges for services revenues for fiscal year 2012-13.
- 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 – These revenues primarily consist of state gas tax disbursed to the City to use for road maintenance. Other small state and private contributions are also included in the operating grant category. These funds go to support specific activities within the City. Revenues for 2012-13 increased somewhat over the prior fiscal year.
- Capital grants/contributions – These revenues primarily consist of grants and developer infrastructure contributions (e.g. fair market value of subdivision's infrastructure such as streets, roads, and rights-of-way/easements). Overall grants/contributions were consistent with the prior year. During 2012-13, the City received federal exchange revenues (\$0.4 million) to make road improvements. In addition, significant donations were made to fund the Library Children's Room remodel project (\$0.2 million).
- Taxes – These are revenues that consist primarily of property taxes, transient lodging taxes, and franchise fees based on gross revenues. Property taxes increased \$0.1 million or 1.4% over the prior fiscal year. Public service taxes increased approximately \$0.1 million.
- 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. Governmental activities had a gain on sale of capital assets and received various other non-recurring revenues.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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, 2013
(in millions)

| Programs | FY 2012-13 | | Compared to FY 2011-12 | |
|----------------------------|-------------------|-------------------------|-----------------------------------|----------------|
| | Amount | Percent of Total | Increase/(Decrease) Amount | Percent |
| General government | \$ 0.4 | 2.6% | \$ - | 0.0% |
| Public safety | 10.2 | 66.2% | 0.3 | 3.0% |
| Library | 1.2 | 7.8% | - | 0.0% |
| Community development | 3.3 | 21.4% | - | 0.0% |
| Interest on long-term debt | 0.3 | 1.9% | - | 0.0% |
| Total expenses | \$ 15.4 | 100.0% | \$ 0.3 | |

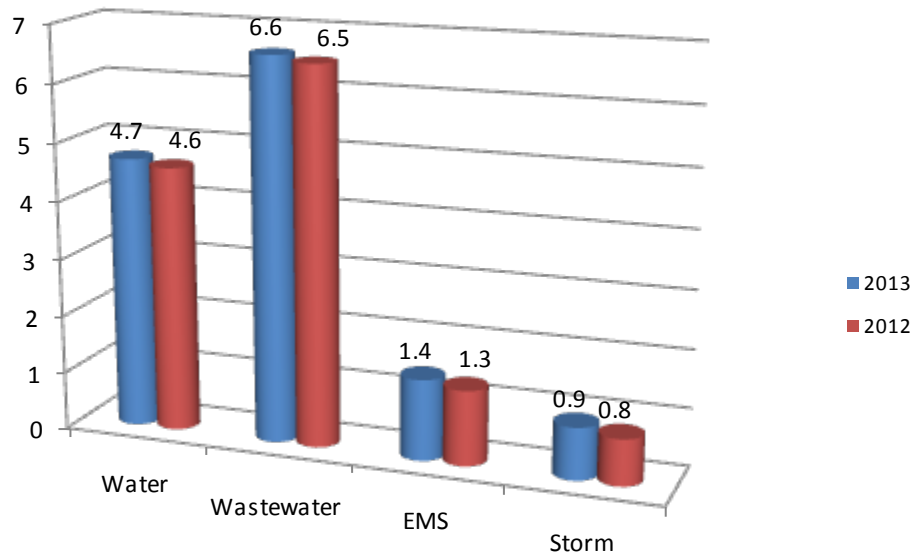
- General government, library, and community development expenses were consistent with the prior fiscal year.
- Public safety consists of the police, fire, court, and 911 operations. The rise in program expense is primarily due to increases in cost of living and merit increases mandated by collective bargaining agreements.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Business-type Activities

Overall revenues increased by \$1.1 million over the prior fiscal year. Every service experienced a modest rise over the prior year.

Business-Type Activities – Operating Revenues by Service



CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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, 2013
(in millions)

| Programs | FY 2012-13 | | Compared to FY 2011-12 | |
|----------------------------|-------------------|-------------------------|-----------------------------------|----------------|
| | Amount | Percent of Total | Increase/(Decrease) Amount | Percent |
| Water | 4.3 | 35.5% | (0.4) | -8.5% |
| Wastewater | 5.3 | 43.8% | 0.1 | 1.9% |
| Stormwater | 1.1 | 9.1% | 0.2 | 22.2% |
| Emergency medical services | 1.4 | 11.6% | 0.1 | 7.7% |
| Total expenses | <u>\$ 12.1</u> | <u>100.0%</u> | <u>\$ (0.0)</u> | |

The \$0.4 million decrease in the water service division was partially attributable to significant reductions/reorganization of staffing. Less was also spent on water meters and pipe materials during fiscal year 2012-13. As a result of the Public Works reorganization, staff costs were higher in the stormwater and wastewater divisions.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Newberg itself or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Newberg City Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.6 million, an improvement of \$0.4 million in comparison with the prior year. Approximately 33.2% of this amount (\$2.8 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balances is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$0.1 million), 2) restricted for particular for purposes (\$4.2 million), 3) committed for particular purposes (\$0.7 million) or 4) assigned for particular purposes (\$0.8 million).

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by \$0.2 million, or 6%, during the current fiscal year. Key components to the change for the year ended June 30, 2013 are as follows:

- Property taxes increased \$0.1 million, or 2%.
- Expenditures in the General Fund decreased by \$0.5 million or 4.7% compared to the prior fiscal year. The decrease was attributable to no significant grant receipts in 2012-13. Public safety personnel costs rose to due cost of living increases and merits mandated in collective bargaining agreements.

The Street Fund ending balance increased by \$213,778. Revenues and expenditures were relatively consistent with the prior fiscal year. However, less was spent funding capital projects during 2012-13.

The Building Inspection Fund continued to improve during 2012-13 with an ending fund balance increasing from \$155,081 in 2011-12 to \$339,929 by June 30, 2013. Building inspection activity within the City continues to grow at a modest pace.

Other governmental fund balances decreased by \$128,548 due primarily to capital improvement expenditures for the new equipment.

Proprietary Funds

The City of Newberg's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the water utility increased by \$0.9 million over the prior fiscal. Charges for services increased by nearly 2.8%. The meter charge (fixed cost) per account went from 9% to 15%, thus increasing revenues slightly. Operating costs decreased \$0.3 million during 2012-13. System development fees increased by \$0.1 million.

The net position of the wastewater utility increased by \$2.2 million (7.9%) during fiscal year 2012-13. Charges for services were consistent with the prior year. Personnel and material services increased slightly while system development revenue rose \$0.4 million.

The net position of the stormwater utility decreased by \$0.2 million during fiscal year 2012-13. Operating costs continued to outpace operating revenues resulting in an operating loss of \$237,961. Stormwater charges for services increased 9.3% due to the rate change implemented January 1, 2013. Operating costs increased 23% largely as a result of the reorganization of the Public Works division.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Net position of the emergency medical services division increased \$66,974 during fiscal year 2012-13. Operating revenues increased 13% while operating expenses were consistent with the prior fiscal year.

BUDGETARY HIGHLIGHTS

Original budget compared to final budget

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, 2013. The City recognized \$699,221 in additional beginning fund balance through the supplemental budget process. Nearly all of this extra resource was allocated to Contingency. Over the course of the fiscal year, other minor changes were made to appropriations to cover unexpected costs.

Final budget compared to actual results

The police department expended \$158,382 less than anticipated in the budget process due to lower personnel services costs. Similarly, the fire department expended \$108,623 less due to conservative projections made for personnel services. Communications expended \$70,177 less than budgeted due to staff shortages in this division during the 2012-13 fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the City had invested \$147.3 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$2.4 million.

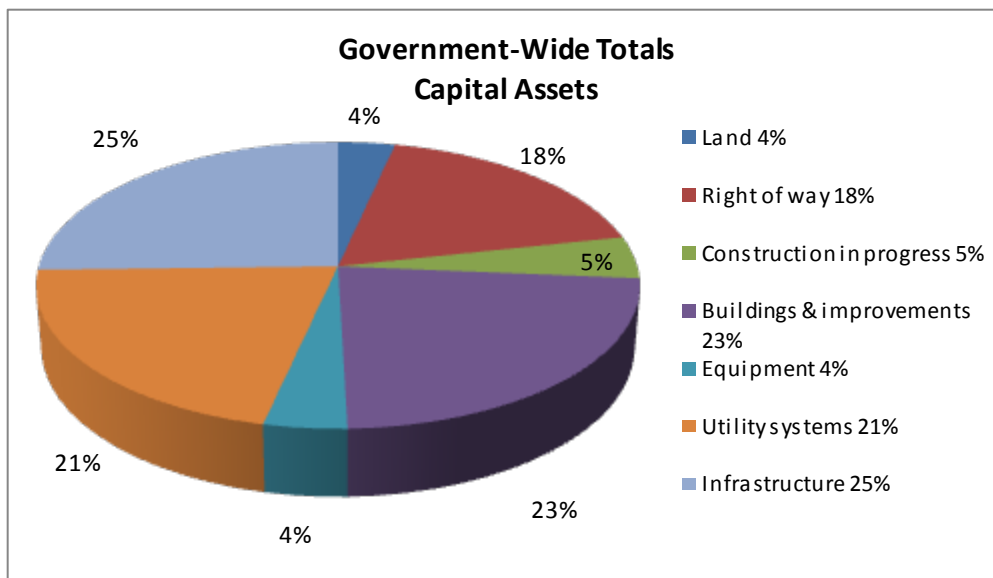
TABLE 5
CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)
(in millions)

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|----------------------------|----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 1.1 | \$ 1.1 | \$ 4.0 | \$ 3.6 | \$ 5.1 | \$ 4.7 |
| Right of way | 26.7 | 26.7 | - | - | 26.7 | 26.7 |
| Construction in progress | 0.3 | 1.4 | 6.7 | 1.5 | 7.0 | 2.9 |
| Buildings & improvements | 8.2 | 7.0 | 26.0 | 27.3 | 34.2 | 34.3 |
| Equipment | 2.2 | 1.9 | 3.6 | 4.2 | 5.8 | 6.1 |
| Utility systems | - | - | 31.1 | 32.0 | 31.1 | 32.0 |
| Infrastructure | 37.4 | 38.2 | - | - | 37.4 | 38.2 |
| Total | <u>\$ 75.9</u> | <u>\$ 76.3</u> | <u>\$ 71.4</u> | <u>\$ 68.6</u> | <u>\$ 147.3</u> | <u>\$ 144.9</u> |

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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

- Lease purchase and outfitting of new fire truck for \$610,918
- Lease purchase of two new police vehicles
- Purchase of property for future Water Treatment Plant \$434,259
- Depreciation expense for 2012-13 was \$5,029,435
- Continuation of improvements and repairs at the Wastewater Treatment Plant \$5.2 million
- Completion of construction of the Newberg Animal Shelter and Fire Station 20 remodel



Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements on page 37 of this report.

Debt. As of June 30, 2013, the City had a total long-term debt obligation of \$32 million. Of this amount, \$5.3 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$1.5 million to be serviced by property taxes, \$4.1 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.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2013

TABLE 6
OUTSTANDING DEBT AT YEAR END
(in millions)

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------------------------------|----------------------------|---------------|-----------------------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| General obligation | \$ 1.3 | \$ 1.7 | \$ - | \$ - | \$ 1.3 | \$ 1.7 |
| Certificates of participation | 1.5 | 1.6 | - | - | 1.5 | 1.6 |
| Limited tax bonds | 2.6 | 2.6 | - | - | 2.6 | 2.6 |
| Notes payable | - | - | 26.3 | 22.4 | 26.3 | 22.4 |
| Capital leases | 0.4 | 0.3 | - | - | 0.4 | 0.3 |
| Total | <u>\$ 5.8</u> | <u>\$ 6.2</u> | <u>\$ 26.3</u> | <u>\$ 22.4</u> | <u>\$ 32.1</u> | <u>\$ 28.6</u> |

The City maintained its A1 debt rating with Moody's Investor Service.

Additional information on the City's long-term obligations can be found in the Notes to the Basic Financial Statements on page 40 of this report.

ECONOMIC FACTORS

The following economic factors currently affect the City of Newberg and were considered in developing the 2013-14 fiscal year budget.

- The unemployment rate for Yamhill County is currently 7.6%, which is a slight decrease from a rate of 8.4% a year ago. While the unemployment rate continues to decrease, it is not expected to reach the pre-recession level for several years.
- Wastewater rate increase of 3%, stormwater rate increase of 17% for 2013-14.
- Declines in taxable assessed value of properties within the City will continue to affect the City of Newberg's property tax revenue. For 2013-14, the assessed value is expected to only increase by 2%.
- New construction is anticipated to experience a small increase with a few small developments on the horizon.
- Interest rates are expected to remain at record low levels throughout fiscal year 2013-14.

CITY OF NEWBERG, OREGON

Management's Discussion and Analysis

For the Year Ended June 30, 2013

- The City's retirement contributions for Oregon Public Employees Retirement System (PERS) employees were projected to rise significantly during 2013-14. The passage of Oregon Senate bill 822 did provide some rate relief. Adjusted rates were: Tier 1 & 2 = 14.91%, OPSRP General = 7.73%, and OPSRP Public Safety = 10.46%. It is unknown if the rate reductions will be upheld in the ensuing court challenges.
- The City's private retirement plan is budgeted to have a 2.1% increase in the City's contribution rate for the next fiscal year.
- Health care costs are anticipated to continue to escalate.
- Non-represented employees within the City are budgeted to receive a cost of living increase of 2.5% and merit increases will be resumed for 2013-14.
- Cost of living and merit increases negotiated by contract with City bargaining units will continue to result in increasing expenditures for public safety and public works.

Providing stable funding for City services during the current economic recession poses a challenge for the next few years. 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 was able to avoid significant staff reductions during the development of the 2013-14 budget. However, it is anticipated that further staff reductions/budget savings may be needed for the 2014-15 budget year.

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

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**BASIC
FINANCIAL
STATEMENTS**

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City of Newberg, Oregon

STATEMENT OF NET POSITION

June 30, 2013

| | Governmental Activities | Business-Type Activities | Totals |
|---|----------------------------|-----------------------------|-----------------------|
| <u>ASSETS</u> | | | |
| Cash and investments | \$ 11,003,538 | \$ 19,614,882 | \$ 30,618,420 |
| Receivables, net | 1,171,496 | 1,535,076 | 2,706,572 |
| Internal balances | (34,226) | 34,226 | - |
| Inventories | 94,138 | 211,013 | 305,151 |
| Prepaid pension asset | 1,636,792 | - | 1,636,792 |
| Other assets | 2,000 | - | 2,000 |
| Capital assets: | | | |
| Land and construction in progress | 28,169,822 | 10,625,125 | 38,794,947 |
| Other capital assets, net of depreciation | 47,707,110 | 60,793,891 | 108,501,001 |
| Total assets | 89,750,670 | 92,814,213 | 182,564,883 |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued liabilities | 911,786 | 618,927 | 1,530,713 |
| Deposits | 9,437 | - | 9,437 |
| Interest payable | 40,500 | 584,635 | 625,135 |
| Net pension obligation | - | 3,017 | 3,017 |
| Long-term obligations: | | | |
| Due within one year | 1,476,848 | 1,575,698 | 3,052,546 |
| Due in more than one year | 6,010,476 | 25,299,825 | 31,310,301 |
| Total liabilities | 8,449,047 | 28,082,102 | 36,531,149 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 72,713,803 | 45,140,069 | 117,853,872 |
| Restricted for: | | | |
| Capital projects | 2,579,514 | 2,614,036 | 5,193,550 |
| Debt service | 241,522 | - | 241,522 |
| Public safety | 89,061 | - | 89,061 |
| Street maintenance | 689,103 | - | 689,103 |
| Other purposes | 432,553 | - | 432,553 |
| Unrestricted | 4,556,067 | 16,978,006 | 21,534,073 |
| Total net position | \$ 81,301,623 | \$ 64,732,111 | \$ 146,033,734 |

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, 2013

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|-------------------|----------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <u>Governmental activities:</u> | | | | |
| General government | \$ 436,083 | \$ 204,820 | \$ 12,160 | \$ - |
| Public safety | 10,152,102 | 1,858,515 | 6,933 | 56,020 |
| Library | 1,174,400 | 109,537 | 19,974 | 218,545 |
| Community development | 3,297,494 | 1,334,617 | 1,219,868 | 502,552 |
| Interest on long-term obligations | 341,909 | - | - | - |
| <u>Total governmental activities</u> | <u>15,401,988</u> | <u>3,507,489</u> | <u>1,258,935</u> | <u>777,117</u> |
| <u>Business-type activities:</u> | | | | |
| Water | 4,329,778 | 4,744,342 | - | 412,828 |
| Wastewater | 5,269,139 | 6,590,995 | - | 861,755 |
| Stormwater | 1,100,967 | 866,371 | - | 41,674 |
| Emergency medical services | 1,381,016 | 1,447,325 | - | 20,000 |
| <u>Total business-type activities</u> | <u>12,080,900</u> | <u>13,649,033</u> | <u>-</u> | <u>1,336,257</u> |
| Totals | \$ 27,482,888 | \$ 17,156,522 | \$ 1,258,935 | \$ 2,113,374 |

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

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position--beginning

Restatement due to accounting change

Net position--beginning

Net position--ending

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

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-Type Activities | Totals |
|----------------------------|-----------------------------|-----------------------|
| \$ (219,103) | \$ - | \$ (219,103) |
| (8,230,634) | - | (8,230,634) |
| (826,344) | - | (826,344) |
| (240,457) | - | (240,457) |
| (341,909) | - | (341,909) |
| <u>(9,858,447)</u> | <u>-</u> | <u>(9,858,447)</u> |
| - | 827,392 | 827,392 |
| - | 2,183,611 | 2,183,611 |
| - | (192,922) | (192,922) |
| - | 86,309 | 86,309 |
| - | 2,904,390 | 2,904,390 |
| <u>(9,858,447)</u> | <u>2,904,390</u> | <u>(6,954,057)</u> |
| 6,534,925 | - | 6,534,925 |
| 414,198 | - | 414,198 |
| 3,235,471 | - | 3,235,471 |
| 53,407 | 92,954 | 146,361 |
| 45,074 | - | 45,074 |
| 412 | 4,022 | 4,434 |
| (21,078) | 21,078 | - |
| <u>10,262,409</u> | <u>118,054</u> | <u>10,380,463</u> |
| 403,962 | 3,022,444 | 3,426,406 |
| 80,918,926 | 61,709,667 | 142,628,593 |
| (21,265) | - | (21,265) |
| <u>80,897,661</u> | <u>61,709,667</u> | <u>142,607,328</u> |
| <u>\$ 81,301,623</u> | <u>\$ 64,732,111</u> | <u>\$ 146,033,734</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

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2013

| | General | Street | Building Inspection | Total Nonmajor Funds | Total Governmental Funds |
|--|---------------------|-------------------|------------------------|----------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 2,931,496 | \$ 589,206 | \$ 366,938 | \$ 4,664,761 | \$ 8,552,401 |
| Receivables: | | | | | |
| Accounts, net | 227,303 | 107,535 | - | 85,121 | 419,959 |
| Loans | - | - | - | 35,159 | 35,159 |
| Assessments | - | - | - | 44,963 | 44,963 |
| Taxes | 625,902 | - | - | 42,206 | 668,108 |
| Inventories | - | 57,729 | - | - | 57,729 |
| Total assets | \$ 3,784,701 | \$ 754,470 | \$ 366,938 | \$ 4,872,210 | \$ 9,778,319 |
| LIABILITIES | | | | | |
| Accounts payable | 119,399 | 50,970 | 20,265 | 46,230 | 236,864 |
| Other accrued liabilities | 199,990 | 8,627 | 6,744 | 9,748 | 225,109 |
| Deposits | 3,667 | 5,770 | - | - | 9,437 |
| Interest payable | - | - | - | 4,507 | 4,507 |
| Total liabilities | 323,056 | 65,367 | 27,009 | 60,485 | 475,917 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue-property taxes | 625,902 | - | - | 42,206 | 668,108 |
| Unavailable revenue-loans | - | - | - | 35,159 | 35,159 |
| Unavailable revenue-special assessments | - | - | - | 44,963 | 44,963 |
| Total deferred inflows of resources | 625,902 | - | - | 122,328 | 748,230 |
| FUND BALANCES | | | | | |
| Nonspendable | - | 57,729 | - | - | 57,729 |
| Restricted | - | 631,374 | 339,929 | 3,287,171 | 4,258,474 |
| Committed | - | - | - | 684,930 | 684,930 |
| Assigned | - | - | - | 717,296 | 717,296 |
| Unassigned | 2,835,743 | - | - | - | 2,835,743 |
| Total fund balances | 2,835,743 | 689,103 | 339,929 | 4,689,397 | 8,554,172 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,784,701 | \$ 754,470 | \$ 366,938 | \$ 4,872,210 | \$ 9,778,319 |

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

City of Newberg, Oregon

Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position

June 30, 2013

Amounts reported for governmental activities on the statement of net position are different because:

| | | | |
|---|-----------------|----|-------------|
| Total fund balances - governmental funds | | \$ | 8,554,172 |
| The Statement of Net Position reports receivables at their net realizable value. However receivables not available for current-period expenditures are deferred in governmental funds. | | | 748,230 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | 74,939,556 |
| The net pension asset and related costs are not an available resources and, therefore, are not reported in the funds. | | | 1,636,792 |
| Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds: | | | |
| Long-term debt | (6,130,306) | | |
| Other postemployment benefits | (874,830) | | |
| Accrued interest | <u>(35,993)</u> | | (7,041,129) |
| Internal service funds are proprietary-type funds and not reported with governmental funds. However, because internal funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the Statement of Net Assets | | | 2,464,002 |
| Net position of governmental activities | | \$ | 81,301,623 |

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

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | General | Street | Building Inspection | Total Nonmajor Funds | Total Governmental Funds |
|---|---------------------|-------------------|------------------------|----------------------------|--------------------------------|
| <u>Revenues</u> | | | | | |
| Property taxes | \$ 6,518,281 | \$ - | \$ - | \$ 415,018 | \$ 6,933,299 |
| Other taxes | 1,869,556 | - | - | - | 1,869,556 |
| Licenses and permits | 435,570 | 12,207 | 468,623 | - | 916,400 |
| Fees | - | - | - | 517,118 | 517,118 |
| Intergovernmental | 1,977,212 | 1,217,938 | - | 615,456 | 3,810,606 |
| Charges for services | 135,818 | 22,719 | 45,111 | 369,053 | 572,701 |
| Fines and forfeitures | 614,150 | - | - | - | 614,150 |
| Facilities charge | - | - | - | 118,936 | 118,936 |
| Pension bond charge | - | - | - | 203,052 | 203,052 |
| Loan collections | - | - | - | 2,722 | 2,722 |
| Assessments | - | - | - | 6,183 | 6,183 |
| Donations | - | - | - | 325,352 | 325,352 |
| Interest | 10,228 | 2,112 | 1,245 | 26,772 | 40,357 |
| Miscellaneous | 13,449 | - | 82 | 10,001 | 23,532 |
| Total revenues | 11,574,264 | 1,254,976 | 515,061 | 2,609,663 | 15,953,964 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| General government | 338,828 | - | - | - | 338,828 |
| Public safety | 9,347,146 | - | - | 557,571 | 9,904,717 |
| Library | 1,099,539 | - | - | 258,116 | 1,357,655 |
| Community development | 557,928 | 982,483 | 333,976 | 56,458 | 1,930,845 |
| Debt service: | | | | | |
| Principal | - | - | - | 540,000 | 540,000 |
| Interest | - | - | - | 324,593 | 324,593 |
| Capital outlay | - | - | - | 1,684,913 | 1,684,913 |
| Total expenditures | 11,343,441 | 982,483 | 333,976 | 3,421,651 | 16,081,551 |
| Excess (deficiency) of revenues over expenditures | 230,823 | 272,493 | 181,085 | (811,988) | (127,587) |
| <u>Other financing sources (uses)</u> | | | | | |
| Capital lease | 11,288 | - | 3,763 | 604,356 | 619,407 |
| Sale of capital assets | 712 | - | - | - | 712 |
| Transfers in | 131 | - | - | 242,436 | 242,567 |
| Transfers out | (81,578) | (58,715) | - | (163,352) | (303,645) |
| Total other financing sources (uses) | (69,447) | (58,715) | 3,763 | 683,440 | 559,041 |
| Net change in fund balances | 161,376 | 213,778 | 184,848 | (128,548) | 431,454 |
| Fund balances, July 1, 2012 | 2,674,367 | 475,325 | 155,081 | 4,817,945 | 8,122,718 |
| Fund balances, June 30, 2013 | \$ 2,835,743 | \$ 689,103 | \$ 339,929 | \$ 4,689,397 | \$ 8,554,172 |

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

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, 2013

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

| | | |
|--|----|-------------|
| Net change in fund balances - total governmental funds | \$ | 431,454 |
| 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 | | 15,824 |
| Notes and assessments | | 16,476 |
| 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. | | |
| | | 933,245 |
| 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 | | (10,543) |
| Interest | | 4,799 |
| Amortization of prepaid pension cost and related bond issuance costs | | (109,729) |
| Other postemployment benefits | | (141,369) |
| 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 | | 882,968 |
| Depreciation | | (1,786,863) |
| 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. | | |
| | | 167,700 |
| Change in net position of governmental activities | \$ | 403,962 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Property taxes | \$ 6,185,755 | \$ 6,185,755 | \$ 6,518,281 | \$ 332,526 |
| Other taxes | 1,777,270 | 1,859,270 | 1,869,556 | 10,286 |
| Licenses and permits | 381,750 | 381,750 | 435,570 | 53,820 |
| Intergovernmental | 1,868,146 | 1,919,146 | 1,977,212 | 58,066 |
| Charges for services | 132,980 | 132,980 | 135,818 | 2,838 |
| Fines and forfeitures | 575,688 | 575,688 | 614,150 | 38,462 |
| Interest | 7,070 | 7,070 | 10,228 | 3,158 |
| Miscellaneous | 3,555 | 5,955 | 13,449 | 7,494 |
| Total revenues | 10,932,214 | 11,067,614 | 11,574,264 | 506,650 |
| <u>Expenditures</u> | | | | |
| General government | 331,317 | 353,337 | 338,828 | 14,509 |
| Municipal court | 227,740 | 232,966 | 224,655 | 8,311 |
| Police | 5,330,817 | 5,364,024 | 5,185,642 | 178,382 |
| Fire | 3,053,276 | 3,136,148 | 3,047,525 | 88,623 |
| Communications | 958,994 | 959,501 | 889,324 | 70,177 |
| Library | 1,108,541 | 1,115,011 | 1,099,539 | 15,472 |
| Planning | 565,930 | 569,280 | 557,928 | 11,352 |
| Contingency | 146,726 | 827,826 | - | 827,826 |
| Total expenditures | 11,723,341 | 12,558,093 | 11,343,441 | 1,214,652 |
| Excess (deficiency) of revenues over expenditures | (791,127) | (1,490,479) | 230,823 | 1,721,302 |
| <u>Other financing sources (uses)</u> | | | | |
| Capital lease | - | - | 11,288 | 11,288 |
| Sale of capital assets | - | - | 712 | 712 |
| Transfers in | - | 131 | 131 | - |
| Transfers out | (84,019) | (84,019) | (81,578) | 2,441 |
| Total other financing sources (uses) | (84,019) | (83,888) | (69,447) | 14,441 |
| Net change in fund balances | (875,146) | (1,574,367) | 161,376 | 1,735,743 |
| Fund balances, July 1, 2012 | 1,975,146 | 2,674,367 | 2,674,367 | - |
| Fund balances, June 30, 2013 | \$ 1,100,000 | \$ 1,100,000 | \$ 2,835,743 | \$ 1,735,743 |

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

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Permits | \$ - | \$ - | \$ 12,207 | \$ 12,207 |
| Intergovernmental | 1,247,548 | 1,247,548 | 1,217,938 | (29,610) |
| Charges for services | - | - | 22,719 | 22,719 |
| Interest | 500 | 500 | 2,112 | 1,612 |
| Total revenues | 1,248,048 | 1,248,048 | 1,254,976 | 6,928 |
| <u>Expenditures</u> | | | | |
| Highways and streets | 1,096,252 | 1,100,494 | 982,483 | 118,011 |
| Contingency | 252,331 | 330,523 | - | 330,523 |
| Total expenditures | 1,348,583 | 1,431,017 | 982,483 | 448,534 |
| Excess (deficiency) of revenues over expenditures | (100,535) | (182,969) | 272,493 | 455,462 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (282,908) | (292,356) | (58,715) | 233,641 |
| Total other financing sources (uses) | (282,908) | (292,356) | (58,715) | 233,641 |
| Net change in fund balances | (383,443) | (475,325) | 213,778 | 689,103 |
| Fund balances, July 1, 2012 | 383,443 | 475,325 | 475,325 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 689,103 | \$ 689,103 |

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

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Licenses and permits | \$ 267,600 | \$ 367,600 | \$ 468,623 | \$ 101,023 |
| Charges for services | 30,000 | 30,000 | 45,111 | 15,111 |
| Interest | 15 | 15 | 1,245 | 1,230 |
| Miscellaneous | 150 | 150 | 82 | (68) |
| Total revenues | 297,765 | 397,765 | 515,061 | 117,296 |
| <u>Expenditures</u> | | | | |
| Inspection | 293,481 | 327,963 | 333,976 | (6,013) |
| Contingency | 4,284 | 224,883 | - | 224,883 |
| Total expenditures | 297,765 | 552,846 | 333,976 | 218,870 |
| Excess (deficiency) of expenditures over revenues | - | (155,081) | 181,085 | 336,166 |
| <u>Other financing sources (uses)</u> | | | | |
| Capital lease | - | - | 3,763 | 3,763 |
| Total other financing sources (uses) | - | - | 3,763 | 3,763 |
| Net change in fund balances | - | (155,081) | 184,848 | 339,929 |
| Fund balances, July 1, 2012 | - | 155,081 | 155,081 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 339,929 | \$ 339,929 |

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

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 stormwater 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**
- **Stormwater**
- **Emergency Medical Services**

Internal Service

- **Administrative Support Services** (Combined into "Governmental Activities Column")
- **Vehicle/Equipment Replacement** (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
- **Wastewater**
 - Wastewater (operating)
 - Wastewater Replacement Reserve
 - Wastewater System Development
 - Wastewater Financed CIPs
- **Stormwater**
 - Stormwater (operating)
 - Stormwater System Development
- The **Proprietary Capital Projects Fund** has 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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2013

| | Business-type Activities | | | | | Governmental Activities |
|--|--------------------------|----------------------|---------------------|----------------------------------|------------------------------|----------------------------|
| | Water | Waste- water | Storm- water | Emergency Medical Services | Total Enterprise Funds | Internal Service Funds |
| ASSETS | | | | | | |
| <u>Current assets</u> | | | | | | |
| Cash and investments | \$ 7,560,599 | \$ 10,007,039 | \$ 1,318,234 | \$ 428,232 | \$ 19,314,104 | \$ 2,751,915 |
| Accounts and notes receivable, net | 657,641 | 716,363 | 84,982 | 76,090 | 1,535,076 | 3,307 |
| Inventories | 169,255 | 41,758 | - | - | 211,013 | 36,409 |
| Prepaid items | - | - | - | - | - | 2,000 |
| Total current assets | 8,387,495 | 10,765,160 | 1,403,216 | 504,322 | 21,060,193 | 2,793,631 |
| <u>Noncurrent assets</u> | | | | | | |
| Capital assets, net of depreciation | 28,187,749 | 34,644,841 | 8,032,749 | 553,677 | 71,419,016 | 937,376 |
| Total noncurrent assets | 28,187,749 | 34,644,841 | 8,032,749 | 553,677 | 71,419,016 | 937,376 |
| Total assets | 36,575,244 | 45,410,001 | 9,435,965 | 1,057,999 | 92,479,209 | 3,731,007 |
| LIABILITIES | | | | | | |
| <u>Current liabilities</u> | | | | | | |
| Accounts payable and accrued liabilities | 101,000 | 434,557 | 36,558 | 46,812 | 618,927 | 449,813 |
| Interest payable | 305,059 | 279,576 | - | - | 584,635 | - |
| Compensated absences | 46,676 | 69,080 | 21,645 | 41,612 | 179,013 | 109,349 |
| Net pension obligation | - | 3,017 | - | - | 3,017 | - |
| Current portion of capital leases payable | - | 1,891 | - | - | 1,891 | 87,115 |
| Current portion of notes payable | 734,451 | 660,343 | - | - | 1,394,794 | - |
| Total current liabilities | 1,187,186 | 1,448,464 | 58,203 | 88,424 | 2,782,277 | 646,277 |
| <u>Long-term obligations</u> | | | | | | |
| Capital leases payable, net of current portion | - | 6,519 | - | - | 6,519 | 94,852 |
| Notes payable, net of current portion | 11,479,372 | 13,396,371 | - | - | 24,875,743 | - |
| Other postemployment benefit obligation | 157,935 | 152,348 | 42,681 | 64,599 | 417,563 | 190,872 |
| Total long-term obligations | 11,637,307 | 13,555,238 | 42,681 | 64,599 | 25,299,825 | 285,724 |
| Total liabilities | 12,824,493 | 15,003,702 | 100,884 | 153,023 | 28,082,102 | 932,001 |
| <u>Net position</u> | | | | | | |
| Net investment in capital assets | 15,973,926 | 20,579,717 | 8,032,749 | 553,677 | 45,140,069 | 755,409 |
| Restricted for system expansion | 468,918 | 1,794,111 | 351,007 | - | 2,614,036 | - |
| Unrestricted | 7,307,907 | 8,032,471 | 951,325 | 351,299 | 16,643,002 | 2,043,597 |
| Total net position | \$ 23,750,751 | \$ 30,406,299 | \$ 9,335,081 | \$ 904,976 | 64,397,107 | \$ 2,799,006 |
| | | | | | 335,004 | |
| Adjustment to reflect the combination of internal service fund activities related to enterprise funds. | | | | | | |
| Net position of business-type activities | | | | | <u>\$ 64,732,111</u> | |

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

City of Newberg, Oregon

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2013

| | Business-type Activities | | | | | Governmental Activities |
|--|--------------------------|-----------------|-----------------|----------------------------------|------------------------------|----------------------------|
| | Water | Waste- water | Storm- water | Emergency Medical Services | Total Enterprise Funds | Internal Service Funds |
| <u>Operating revenues</u> | | | | | | |
| Charges for services, net | \$ 4,703,701 | \$ 6,554,208 | \$ 846,535 | \$ 1,446,910 | \$ 13,551,354 | \$ 3,446,383 |
| Other | 40,641 | 36,787 | 19,836 | 415 | 97,679 | 561 |
| Total operating revenues | 4,744,342 | 6,590,995 | 866,371 | 1,447,325 | 13,649,033 | 3,446,944 |
| <u>Operating expenses</u> | | | | | | |
| Personal services | 1,181,193 | 1,375,898 | 532,453 | 917,768 | 4,007,312 | 2,010,577 |
| Materials and services | 1,543,065 | 2,045,586 | 292,684 | 376,044 | 4,257,379 | 1,014,303 |
| Depreciation and amortization | 1,089,015 | 1,515,504 | 279,195 | 88,860 | 2,972,574 | 269,998 |
| Total operating expenses | 3,813,273 | 4,936,988 | 1,104,332 | 1,382,672 | 11,237,265 | 3,294,878 |
| Operating income (loss) | 931,069 | 1,654,007 | (237,961) | 64,653 | 2,411,768 | 152,066 |
| <u>Nonoperating revenues (expenses)</u> | | | | | | |
| Interest revenue | 42,021 | 41,904 | 7,208 | 1,821 | 92,954 | 13,429 |
| Interest expense | (530,389) | (347,472) | - | - | (877,861) | (3,269) |
| Gain on sale of capital assets | 122 | 3,400 | - | 500 | 4,022 | (300) |
| Total nonoperating revenues (expenses) | (488,246) | (302,168) | 7,208 | 2,321 | (780,885) | 9,860 |
| Income (loss) before capital contributions and transfers | 442,823 | 1,351,839 | (230,753) | 66,974 | 1,630,883 | 161,926 |
| Capital contributions | 412,828 | 861,755 | 41,674 | 20,000 | 1,336,257 | - |
| Transfers in (out) | 21,939 | 19,639 | - | (20,500) | 21,078 | 40,000 |
| Change in net position | 877,590 | 2,233,233 | (189,079) | 66,474 | 2,988,218 | 201,926 |
| Net position, July 1, 2012 | 22,873,161 | 28,173,066 | 9,524,160 | 838,502 | | 2,597,080 |
| Net position, June 30, 2013 | \$ 23,750,751 | \$ 30,406,299 | \$ 9,335,081 | \$ 904,976 | | \$ 2,799,006 |
| Adjustment to reflect the combination of internal service fund activities related to enterprise funds. | | | | | 34,226 | |
| Change in net position of business-type activities | | | | | \$ 3,022,444 | |

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

City of Newberg, Oregon

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2013

| | Business-type Activities | | | | | Governmental |
|---|--------------------------|---------------|--------------|----------------------------|------------------------|------------------------|
| | Water | Waste-water | Storm-water | Emergency Medical Services | Total Enterprise Funds | Internal Service Funds |
| <u>Cash flows from operating activities</u> | | | | | | |
| Cash received from customers | \$ 4,553,738 | \$ 6,506,431 | \$ 830,320 | \$ 1,460,997 | \$ 13,351,486 | \$ - |
| Cash paid to suppliers | (1,328,649) | (1,877,134) | (271,147) | (370,083) | (3,847,013) | (991,252) |
| Internal activity - interfund receipts | 21,894 | 18,978 | 19,836 | - | 60,708 | 3,445,206 |
| Internal activity - interfund payments | (229,314) | (317,959) | - | - | (547,273) | - |
| Cash paid to employees | (1,169,531) | (1,349,497) | (517,922) | (903,247) | (3,940,197) | (2,056,068) |
| Other receipts | 18,747 | 17,809 | - | 415 | 36,971 | 561 |
| Net cash provided by (used in) operating activities | 1,866,885 | 2,998,628 | 61,087 | 188,082 | 5,114,682 | 398,447 |
| <u>Cash flows from noncapital financing activities</u> | | | | | | |
| Transfers in | 21,939 | 19,639 | - | - | 41,578 | 40,000 |
| Transfers out | - | - | - | (20,500) | (20,500) | - |
| Net cash provided by (used in) noncapital financing activities | 21,939 | 19,639 | - | (20,500) | 21,078 | 40,000 |
| <u>Cash flows from capital and related financing activities</u> | | | | | | |
| Proceeds from loans | - | 5,205,669 | - | - | 5,205,669 | - |
| Principal paid on long-term obligations | (708,379) | (643,847) | - | - | (1,352,226) | (126,948) |
| Interest paid on long-term obligations | (550,489) | (369,858) | - | - | (920,347) | (3,269) |
| Capital grants | - | - | - | 20,000 | 20,000 | 3,601 |
| Purchases of capital assets | (588,965) | (4,721,978) | - | - | (5,310,943) | (105,808) |
| Sale of capital assets | 122 | - | - | 500 | 622 | - |
| Developer contributions | 416,375 | 864,206 | 41,674 | - | 1,322,255 | - |
| Net cash provided by (used in) capital and related financing activities | (1,431,336) | 334,192 | 41,674 | 20,500 | (1,034,970) | (232,424) |
| <u>Cash flows from investing activities</u> | | | | | | |
| Interest received on investments | 42,021 | 41,890 | 7,208 | 1,821 | 92,940 | 13,430 |
| Net cash provided by investment activities | 42,021 | 41,890 | 7,208 | 1,821 | 92,940 | 13,430 |
| Net increase in cash and investments | 499,509 | 3,394,349 | 109,969 | 189,903 | 4,193,730 | 219,453 |
| Cash and investments, July 1, 2012 | 7,061,090 | 6,612,690 | 1,208,265 | 238,329 | 15,120,374 | 2,532,462 |
| Cash and investments, June 30, 2013 | \$ 7,560,599 | \$ 10,007,039 | \$ 1,318,234 | \$ 428,232 | \$ 19,314,104 | \$ 2,751,915 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ 931,069 | \$ 1,654,007 | \$ (237,961) | \$ 64,653 | \$ 2,411,768 | \$ 152,066 |
| <u>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</u> | | | | | | |
| Depreciation | 1,089,015 | 1,515,504 | 279,195 | 88,860 | 2,972,574 | 269,998 |
| (Increase) decrease in accounts receivable | (149,963) | (47,777) | (16,215) | 14,087 | (199,868) | (1,177) |
| (Increase) in inventory | (9,758) | (2,683) | - | - | (12,441) | (2,826) |
| Increase (decrease) in accounts payable | 6,522 | (120,423) | 36,068 | 20,482 | (57,351) | (17,614) |
| Net cash provided by (used in) operating activities | \$ 1,866,885 | \$ 2,998,628 | \$ 61,087 | \$ 188,082 | \$ 5,114,682 | \$ 398,447 |
| <u>Schedule of noncash capital and related financing activities</u> | | | | | | |
| Borrowing under capital lease | \$ - | \$ 8,410 | \$ - | \$ - | \$ - | \$ 27,142 |

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

Fiduciary Activities

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

City of Newberg, Oregon

STATEMENT OF NET POSITION FIDUCIARY FUNDS

June 30, 2013

| | Employees Retirement Plan Trust | Agency |
|--|---------------------------------------|---------------|
| <u>ASSETS</u> | | |
| Cash | \$ - | \$ 69,091 |
| Large cap stocks | 4,148,825 | - |
| Real estate | 1,682,649 | - |
| Bonds & mortgages | 7,906,985 | - |
| International stocks | 1,646,996 | - |
| Small cap stocks | 1,067,055 | - |
| Total assets | 16,452,510 | 69,091 |
| <u>LIABILITIES</u> | | |
| Accounts payable | - | 69,091 |
| Total liabilities | - | 69,091 |
| <u>NET POSITION</u> | | |
| Net position held in trust for pension benefits | \$ 16,452,510 | |

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

City of Newberg, Oregon

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

For the year ended June 30, 2013

| | Employees Retirement Plan Trust |
|---|---------------------------------------|
| <u>Additions</u> | |
| Contributions | |
| Employer | \$ 623,647 |
| Plan members | 220,885 |
| <u>Total contributions</u> | <u>844,532</u> |
| Investment earnings | |
| Net appreciation in the fair value of investments | 1,421,684 |
| <u>Total investment earnings</u> | <u>1,421,684</u> |
| <u>Total additions</u> | <u>2,266,216</u> |
| <u>Deductions</u> | |
| Benefits | 1,061,206 |
| Administrative expenses | 46,940 |
| <u>Total deductions</u> | <u>1,108,146</u> |
| Change in net position | 1,158,070 |
| Net position, beginning | 15,294,440 |
| <u>Net position, ending</u> | <u>\$ 16,452,510</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, 2013

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 four-year terms. 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 position), revenues, and expenditures (expenses).

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund level. Both levels of statements categorize functions/programs as either governmental or business-type activities. 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.

The government-wide financial statements report information on all of the non-fiduciary activities of the City. 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 Position and the Statement of Activities.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 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 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, net position/fund balance, 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, communications, library, and planning.

- *Street*

This fund accounts for revenues received from state gasoline taxes. Expenditures 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 water, wastewater, stormwater, and emergency medical services. These funds are entirely or predominately self-supporting through user charges.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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)
- *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)
- *Stormwater*
Stormwater Fund (budgetary basis financial statements only)
Stormwater System Development Fund (budgetary basis financial statements only)
- The *Proprietary Capital Projects Fund* accounts for capital projects for all three utilities and is reported only on a budgetary basis.
- *Emergency Medical Services*
Emergency Medical Services Fund

Additionally, the City reports the following fund types:

- *Special Revenue* - Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- *Debt Service* - Accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *Capital Project* – Accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.
- *Internal Service* - Accounts 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*
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, 2013

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, 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 Position and the Statement of Fiduciary Fund Net Position. The increases and decreases in net position are presented in the government-wide Statement of Activities and in the proprietary fund Statement of Revenues, Expenses, and Changes in Net Position. 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 position are available, unrestricted resources are used only after the restricted resources are depleted.

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.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on long-term obligations 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental activities 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, Stormwater, and Emergency Services Funds are charges to customers for sales and services. The Water, Wastewater, and Stormwater 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 approximates 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 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. Collection 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 of 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 |

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Compensated Absences

Accumulated compensated absences are accrued as earned. For governmental funds, the non-current portion (the amount estimated to be used/paid 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 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 leave, 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 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.

Governmental activity long-term debt payments are recorded in the Debt Service Fund. The business-type activity long-term debt payments are funded by the proprietary operating funds.

Equity classification

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Fund Balances

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form may include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (debt covenants), grantors, contributors, or law of regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution or ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution of ordinance at any time through passage of an additional resolution or ordinance. Both Council actions are equally difficult to remove the constraint.

Fund balance is reported as assigned when the resources do not meet the criteria to be classified as restricted or committed, but are intended to be used by the government for a specific purpose. The City has granted authority to the Finance Director to assign fund balance amounts. This authority was granted via a resolution passed by the City Council.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 (except Fiduciary Funds). For all fund types, interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated revenues and expenditures are budgeted 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 (ex. general government, police, fire, etc), 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, 2013, City Council approved four supplemental budget resolutions and one appropriation transfer resolution.

Excess of Expenditures over Appropriations

According to Oregon statute, the budget is monitored at the level of adopted appropriation. A fund that has identifiable programs are adopted and monitored at the program level. Funds that do not have identifiable programs are monitored at the major category level. The below listed program had expenditures in excess of adopted appropriations. The over expenditures were all funded through available fund balances.

Building Inspection Fund:
Inspection (\$6,013)

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Deficit Fund Balance

The Wastewater Financed CIP Fund has a deficit fund balance of (\$276,954). The deficit is due to the timing of loan drawdown requests with Clean Water State Revolving Loan Fund. This deficit balance is expected to be eliminated during the 2013-14 fiscal year due to the arrival of funding requests.

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 Position 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.

Cash and investments are comprised of the following at June 30, 2013:

| | | |
|--------------------------------------|----|-------------------|
| Cash on hand | \$ | 1,975 |
| Cash with county treasurer | | 138,058 |
| Deposits with financial institutions | | 869,595 |
| Investments | | <u>46,130,393</u> |
| Total cash and investments | \$ | <u>47,140,021</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, 2013 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

As of June 30, 2013, the City had the following investments:

| <u>Investments</u> | <u>Maturities</u> | <u>Total</u> | <u>Fair Value</u> | <u>Credit Risk</u> |
|----------------------------------|-------------------|----------------------|-------------------|--------------------|
| Local Government Investment Pool | Less than 1 year | \$ 29,677,883 | \$ 29,677,883 | Not Rated |
| Mutual Funds (Pension Trust) | N/A | 16,452,510 | 16,452,510 | Various |
| Total investments | | <u>\$ 46,130,393</u> | | |

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. 100% 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. The City does not have any investments that are subject to 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, 2013, \$592,438 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Cash and investments by activity/fund:

Governmental

| | |
|---|-------------------|
| General | \$ 2,931,496 |
| Street | 589,206 |
| Building Inspection | 366,938 |
| Nonmajor Funds | <u>4,664,761</u> |
| Total governmental funds | 8,552,401 |
| Internal Service Fund cash allocated to governmental activities | <u>2,451,137</u> |
| Total governmental activities | <u>11,003,538</u> |

Business-type/Proprietary Funds

| | |
|--|-------------------|
| Enterprise | |
| Water | 7,560,599 |
| Wastewater | 10,007,039 |
| Stormwater | 1,318,234 |
| Emergency Medical Services | <u>428,232</u> |
| Total Enterprise Funds | 19,314,104 |
| Internal Service Fund cash allocated to business-type activities | <u>300,778</u> |
| Total business-type activities | <u>19,614,882</u> |

Fiduciary Funds

| | |
|---|----------------------|
| City of Newberg Employees Retirement Plan | 16,452,510 |
| Agency Fund - Bail | <u>69,091</u> |
| Total fiduciary funds | <u>16,521,601</u> |
| Total cash and investments | <u>\$ 47,140,021</u> |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 | Totals |
|------------------------------------|---------------------|------------------|-------------------|-------------------|---------------------|
| Governmental | | | | | |
| General | \$ 227,303 | \$ - | \$ - | \$ 625,902 | \$ 853,205 |
| Street | 107,535 | - | - | - | 107,535 |
| Nonmajor Funds | 85,121 | 35,159 | 44,963 | 42,206 | 207,449 |
| Business-Type/(Proprietary) | | | | | |
| Enterprise | | | | | |
| Water | 584,958 | - | 72,683 | - | 657,641 |
| Wastewater | 714,003 | - | 2,360 | - | 716,363 |
| Stormwater | 74,060 | - | 10,922 | - | 84,982 |
| Emergency Medical Services | 76,090 | - | - | - | 76,090 |
| Internal Service | 3,307 | - | - | - | 3,307 |
| | <u>\$ 1,872,377</u> | <u>\$ 35,159</u> | <u>\$ 130,928</u> | <u>\$ 668,108</u> | <u>\$ 2,706,572</u> |

Uncollectible Receivables

Receivables of the City's activities are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

| | Governmental Activities | Business-type Activities |
|-----------------------------|----------------------------|-----------------------------|
| Water | \$ - | \$ 14,178 |
| Wastewater | - | 22,599 |
| Stormwater | - | 2,142 |
| Nonmajor | 1,660 | - |
| Total Uncollectible 2012-13 | <u>\$ 1,660</u> | <u>\$ 38,919</u> |

Court fines in the amount of \$4,660,539 are not included in the General Fund receivable balance due to the uncertainty of collections.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

Interfund Receivables, Payables, and Transfers

The interfund transfer activity for fiscal year ended June 30, 2013 is as follows:

| | Transfers From Other Funds | Transfers To Other Funds | |
|----------------------------|----------------------------------|--------------------------------|--|
| Governmental Funds: | | | |
| General | \$ 131 | \$ 81,578 | |
| Street | - | 58,715 | |
| Nonmajor Funds | 242,436 | 163,352 | |
| Enterprise Funds: | | | |
| Water | 21,939 | - | |
| Wastewater | 19,639 | - | |
| Emergency Medical Services | - | 20,500 | |
| Internal Service Funds | 40,000 | - | |
| | \$ 324,145 | \$ 324,145 | |

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

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 repay the Wastewater Fund for the Animal Shelter parcel over 5 years at an interest rate of 4.2%. The balance at June 30, 2013 is \$18,829.

The General Fund borrowed \$200,000 from the Water System Development Fund to pay for a portion of the animal shelter construction costs. The interfund loan will be repaid over 10 fiscal years at an interest rate of 2%. The balance at June 30, 2013 is \$160,714.

Prepaid Pension Asset

The City's government-wide statements include a prepaid pension asset of \$1,636,792, 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, 2013 was: \$103,542 to Public Safety, \$1,926 to Library, and \$4,261 to Community Development.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

| Governmental activities: | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,123,292 | \$ - | \$ - | \$ 1,123,292 |
| Right of way | 26,741,412 | - | - | 26,741,412 |
| Construction in progress | 1,384,301 | 388,633 | (1,467,816) | 305,118 |
| Total capital assets not being depreciated | 29,249,005 | 388,633 | (1,467,816) | 28,169,822 |
| Capital assets being depreciated: | | | | |
| Building and improvements | 10,530,006 | 1,467,816 | - | 11,997,822 |
| Equipment | 8,000,261 | 980,755 | (113,905) | 8,867,111 |
| Infrastructure | 66,201,746 | 405,936 | - | 66,607,682 |
| Total capital assets being depreciated | 84,732,013 | 2,854,507 | (113,905) | 87,472,615 |
| Less accumulated depreciation for: | | | | |
| Building and improvements | (3,607,711) | (255,533) | - | (3,863,244) |
| Equipment | (6,105,711) | (633,436) | 108,314 | (6,630,833) |
| Infrastructure | (27,963,536) | (1,307,892) | - | (29,271,428) |
| Total accumulated depreciation | (37,676,958) | (2,196,861) | 108,314 | (39,765,505) |
| Total capital assets being depreciated, net | 47,055,055 | 657,646 | (5,591) | 47,707,110 |
| Governmental activities capital assets, net | \$ 76,304,060 | \$ 1,046,279 | \$ (1,473,407) | \$ 75,876,932 |

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

| | |
|--|----------------------------|
| General government | \$ 94,081 |
| Public safety | 334,068 |
| Library | 37,286 |
| Community development | 1,321,428 |
| Depreciation incurred in internal service funds charged to various governmental functions/programs | <u>269,998</u> |
| Total | <u>\$ 2,056,861</u> |

A fully depreciated capital asset for \$140,000 was transferred to a governmental activity from a business-type activity.

Capital assets of the internal service funds are included in the governmental activities. For the fiscal year ended June 30, 2013, internal service fund capital assets, net of depreciation were \$937,376.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Capital asset activity for business-type activities for the year ended June 30, 2013 was as follows:

| <u>Business-type activities:</u> | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|--------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,576,168 | \$ 390,917 | \$ - | \$ 3,967,085 |
| Construction in progress | <u>1,528,628</u> | <u>5,177,962</u> | <u>(48,550)</u> | <u>6,658,040</u> |
| Total capital assets not being depreciated | <u>5,104,796</u> | <u>5,568,879</u> | <u>(48,550)</u> | <u>10,625,125</u> |
| Capital assets being depreciated: | | | | |
| Building and improvements | 41,584,752 | 88,300 | - | 41,673,052 |
| Equipment | 14,802,238 | 88,943 | (250,719) | 14,640,462 |
| Utility systems | <u>46,048,244</u> | <u>48,550</u> | <u>-</u> | <u>46,096,794</u> |
| Total capital assets being depreciated | <u>102,435,234</u> | <u>225,793</u> | <u>(250,719)</u> | <u>102,410,308</u> |
| Less accumulated depreciation for: | | | | |
| Building and improvements | (14,256,779) | (1,390,932) | - | (15,647,711) |
| Equipment | (10,608,300) | (663,960) | 250,719 | (11,021,541) |
| Utility systems | <u>(14,029,483)</u> | <u>(917,682)</u> | <u>-</u> | <u>(14,947,165)</u> |
| Total accumulated depreciation | <u>(38,894,562)</u> | <u>(2,972,574)</u> | <u>250,719</u> | <u>(41,616,417)</u> |
| Total capital assets being depreciated, net | <u>63,540,672</u> | <u>(2,746,781)</u> | <u>-</u> | <u>60,793,891</u> |
| Business-type activities capital assets, net | <u>\$ 68,645,468</u> | <u>\$ 2,822,098</u> | <u>\$ (48,550)</u> | <u>\$ 71,419,016</u> |

Depreciation expense for business-type activities for the year ended June 30, 2013 was as follows:

| | |
|----------------------------|---------------------|
| Water | \$ 1,089,015 |
| Wastewater | 1,515,504 |
| Stormwater | 279,195 |
| Emergency Medical Services | <u>88,860</u> |
| Total | <u>\$ 2,972,574</u> |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 \$799,302 and accumulated depreciation of \$79,886 have been recorded under capital leases as of June 30, 2013.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

| Year Ending June 30, | Governmental activities | | Business-type activities | |
|-------------------------|-------------------------|-----------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$ 284,506 | \$ 6,816 | \$ 1,891 | \$ 522 |
| 2015 | 67,521 | 4,001 | 2,025 | 386 |
| 2016 | 51,059 | 1,884 | 2,170 | 242 |
| 2017 | 3,307 | 233 | 2,324 | 88 |
| 2018 | 1,736 | 34 | - | - |
| Totals | \$ 408,129 | \$ 12,968 | \$ 8,410 | \$ 1,238 |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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.

| | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------|---------------------|----------------------|---------------------------|--|
| <u>Governmental Activities</u> | | | | | |
| Compensated Absences | \$ 780,649 | \$ 505,186 | \$ (612,342) | \$ 673,493 | \$ 612,342 |
| Other Postemployment Benefits | 892,240 | 173,462 | - | 1,065,702 | - |
| General Obligation Bonds | | | | | |
| Police Building 1997A | 850,000 | - | (190,000) | 660,000 | 200,000 |
| Fire Facilities 1998A | 780,000 | - | (140,000) | 640,000 | 150,000 |
| Certificates of Participation | 1,620,000 | - | (165,000) | 1,455,000 | 175,000 |
| Limited Tax Pension Bonds | 2,630,000 | - | (45,000) | 2,585,000 | 55,000 |
| Capital Lease Obligations | 281,773 | 646,548 | (520,192) | 408,129 | 284,506 |
| Total Notes and Bonds | <u>6,161,773</u> | <u>646,548</u> | <u>(1,060,192)</u> | <u>5,748,129</u> | <u>864,506</u> |
| Total Governmental Activities | <u>\$ 7,834,662</u> | <u>\$ 1,325,196</u> | <u>\$(1,672,534)</u> | <u>\$ 7,487,324</u> | <u>\$ 1,476,848</u> |
| <u>Business-type Activities</u> | | | | | |
| Compensated Absences | \$ 176,371 | \$ 184,826 | \$ (182,184) | \$ 179,013 | \$ 179,013 |
| Other Postemployment Benefits | 354,155 | 63,408 | - | 417,563 | - |
| Notes Payable, Business Oregon | | | | | |
| Wastewater | 7,103,001 | - | (450,847) | 6,652,154 | 467,343 |
| Water | 12,857,535 | - | (708,376) | 12,149,159 | 734,451 |
| Unamortized note premium | 250,750 | - | (14,750) | 236,000 | - |
| Clean Water State Revolving Fund | | | | | |
| Wastewater | 869,555 | 5,205,669 | - | 6,075,224 | - |
| Notes Payable US Bank | | | | | |
| Wastewater | 1,351,000 | - | (193,000) | 1,158,000 | 193,000 |
| Capital Lease Obligations | - | 8,410 | - | 8,410 | 1,891 |
| Total Notes and Bonds | <u>22,431,841</u> | <u>5,214,079</u> | <u>(1,366,973)</u> | <u>26,278,947</u> | <u>1,396,685</u> |
| Total Business-type Activities | <u>\$ 22,962,367</u> | <u>\$ 5,462,313</u> | <u>\$(1,549,157)</u> | <u>\$ 26,875,523</u> | <u>\$ 1,575,698</u> |

Long-term obligations of the internal service funds are included in the governmental activities. As of June 30, 2013, internal service fund long-term obligations were \$181,967 and the compensated absence balance was \$109,349. 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2013

GO bonds currently outstanding are as follows:

| <u>Bond issue:</u> | <u>Interest Rates</u> | <u>Ending Balance</u> |
|-----------------------|-----------------------|-----------------------|
| Police Building 1997A | 3.7-5.4% | \$ 660,000 |
| Fire Facilities 1998A | 4.0-5.1% | 640,000 |
| | | <u>\$ 1,300,000</u> |

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

| Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------|---------------------|-------------------|
| 2014 | \$ 350,000 | \$ 62,780 |
| 2015 | 370,000 | 44,025 |
| 2016 | 390,000 | 24,240 |
| 2017 | 190,000 | 9,210 |
| Totals | <u>\$ 1,300,000</u> | <u>\$ 140,255</u> |

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. The certificates carry a varying interest rate of 4.0%-5.35% over a twenty-year term.

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

| Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------|---------------------|-------------------|
| 2014 | \$ 175,000 | \$ 77,445 |
| 2015 | 185,000 | 67,725 |
| 2016 | 195,000 | 57,465 |
| 2017 | 205,000 | 46,255 |
| 2018 | 220,000 | 33,930 |
| 2018-2020 | 475,000 | 27,985 |
| Totals | <u>\$ 1,455,000</u> | <u>\$ 310,805</u> |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 carry 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, | Principal | Interest |
|-------------------------|---------------------|---------------------|
| 2014 | \$ 55,000 | \$ 155,646 |
| 2015 | 70,000 | 152,581 |
| 2016 | 80,000 | 148,611 |
| 2017 | 95,000 | 143,994 |
| 2018 | 110,000 | 138,418 |
| 2019-2023 | 855,000 | 569,187 |
| 2023-2027 | 1,320,000 | 237,400 |
| Totals | <u>\$ 2,585,000</u> | <u>\$ 1,545,837</u> |

At the end of fiscal year 2013, the City entered into an agreement with Oregon Department of Transportation (ODOT) to fund a portion of the Newberg Dundee bypass construction project. The City's portion of this commitment is projected to be \$2,211,200. Payments will be made to ODOT on an annual basis of interest (2.58% annually) only for the first three years of the project. Funding for the interest payments shall come from the City's federal surface transportation program allocations money being exchanged for state funding on a dollar for dollar basis (FAU money). If this funding is insufficient to cover the interest, the City must make payment to ODOT for any difference. In fiscal year 2017-18, the construction is anticipated to be complete and the City must make installment payments of interest and principal of \$142,916 annually until January of 2036.

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 wastewater 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 \$343,705 as of June 30, 2013.

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 \$2,783,135 as of June 30, 2013.

During fiscal year 2004, the City borrowed \$2,810,000 from Business Oregon to make substantial improvements to the composter odor control mechanism and headworks system at the wastewater treatment plant. Additional improvements were also made to the College Street wastewater system. Wastewater service

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 \$1,307,234 as of June 30, 2013.

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 \$5,235,653 as of June 30, 2013.

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 \$2,077,978 as of June 30, 2013.

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, 2013, the outstanding balance was \$7,053,608. Water and wastewater system revenues have been pledged to repay the debt.

Future debt service requirements are as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------|--------------|
| 2014 | \$ 1,201,794 | \$ 819,529 |
| 2015 | 1,244,773 | 773,118 |
| 2016 | 1,293,465 | 722,732 |
| 2017 | 1,357,563 | 670,078 |
| 2018 | 1,412,135 | 614,184 |
| 2019-2023 | 6,346,378 | 2,180,445 |
| 2024-2028 | 5,332,693 | 873,115 |
| 2029 | 612,512 | 27,563 |
| Totals | \$ 18,801,313 | \$ 6,680,764 |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 4.2% annually and the loan matures in April 2019. Future debt payments are as follows:

| Year Ending June 30, | Principal | Interest |
|-------------------------|---------------------|-------------------|
| 2014 | 193,000 | 48,636 |
| 2015 | 193,000 | 40,530 |
| 2016 | 193,000 | 32,424 |
| 2017 | 193,000 | 24,318 |
| 2018 | 193,000 | 16,212 |
| 2019 | 193,000 | 8,106 |
| | <u>\$ 1,158,000</u> | <u>\$ 170,226</u> |

During 2010-11, City Council approved a loan through Clean Water State Revolving Loan Fund to complete portions of the Wastewater Treatment Plant Repair, Renovation, and Expansion Project. The loan amount was awarded for up to \$11,409,645. The interest rate on the debt was set at 2.88% to 3.38% annually. As of June 30, 2013, \$6,075,224 in draw downs were received by the City on the loan funding. Repayment will commence shortly after final completion of the project.

During 2011-12, City Council approved an additional loan through Clean Water State Revolving Loan Fund to perform further work on the Wastewater Treatment Plant Repair, Renovation, and Expansion Project. The loan amount was awarded for up to \$14,484,130. The interest rate on the debt was set at 2.45% to 2.95% annually. As of June 30, 2013, no draw downs have been requested by the City on the loan funding.

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 Citycounty Insurance Services (CIS) Trust, a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for its insurance coverage. Under the membership agreement with the Trust, the Trust is to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits.

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 amounts are 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 August 1, 2012 (the date of the most current actuarial valuation) consisted of the following:

| | |
|---------------------------------|-------------------|
| Active employees | 130 |
| Retirees, spouses or dependents | <u>4</u> |
| Total | <u><u>134</u></u> |

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. Monthly premiums ranged between \$532 and \$1,544 during fiscal year 2012-13 for insurance provided by City County Insurance Services. The monthly premium for employees covered by NW Firefighters Relief Association was \$1,300.

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 August 1, 2012 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 | \$ | 343,692 |
| Interest on net OPEB obligation | | 49,856 |
| Adjustment to annual required contribution | | 84,704 |
| Annual OPEB cost | | 308,844 |
| Contributions made | | 71,974 |
| Increase in net OPEB obligation | | 236,870 |
| Net OPEB obligation - beginning of year | | 1,246,395 |
| Net OPEB obligation - end of year | \$ | 1,483,265 |

The City's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 and the preceding two years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------------|-----------------------------|---|--------------------------------|
| June 30, 2013 | \$ 308,844 | 23% | \$ 1,483,265 |
| June 30, 2012 | \$ 290,916 | 22% | \$ 1,246,395 |
| June 30, 2011 | \$ 363,817 | 28% | \$ 1,018,781 |

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:

| <u>Valuation Date</u> | <u>Assets</u> | <u>Actuarial Accrued Liability</u> | <u>Unfunded Accrued Liability</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAL/ Payroll</u> |
|---------------------------|---------------|--|---|-------------------------|----------------------------|-------------------------|
| 8/1/2012 | \$ - | \$ 1,157,131 | \$ 1,157,131 | 0% | \$ 9,382,800 | 12% |
| 8/1/2010 | - | 1,758,199 | 1,758,199 | 0% | 9,153,871 | 19% |
| 8/1/2008 | - | 1,897,735 | 1,897,735 | 0% | 7,959,928 | 24% |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 August 1, 2012 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 3.5% rate for discounting future liabilities. Annual health care cost rate increases are assumed to be 7.25% initially the first year. In future years, the medical and vision cost trend varies from 5.75% to 6.75%. The trend then settles to an ultimate rate of 5.5% after 2053. A participation rate of 55% was used to determine future non-public safety union retirees electing coverage under the plan. For fire and police union members, 40% of active members are assumed to elect coverage upon retirement. The unfunded actuarial accrued liability is being amortized using the level-dollar method over an open period of 10 years. The inflation rate used in the actuarial valuation was 2.75%.

Pension 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 55 active members, 58 retired members who receive benefits, 21 vested terminated members, for a total membership of 134.

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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 seven 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% per year; b) projected salary increases of 4.5% per year; c) post-retirement benefit increases of 2.5% per year, and d) inflation rate of 2.0%. As of the July 1, 2013 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, 2013. The City's annual pension cost and net pension obligation to the plan for the current year were as follows:

| | |
|--|------------|
| Annual required contribution | \$ 609,487 |
| Interest on net pension obligation | 211 |
| Adjustment to annual required contribution | (188) |
| Annual pension cost | 609,510 |
| Contributions made | (609,488) |
| Increase in net pension obligation | 22 |
| Net pension obligation beginning of the year | 2,995 |
| Net pension obligation end of year | \$ 3,017 |

Schedule of Required Contributions:

| Year ended | Annual Required Contribution | Percentage Contributed | Net Pension Obligation |
|-----------------|------------------------------------|---------------------------|---------------------------|
| <u>June 30,</u> | <u>(ARC)</u> | <u></u> | <u></u> |
| 2013 | \$ 609,487 | 100 % | \$ 3,017 |
| 2012 | 598,768 | 100 | 2,995 |
| 2011 | 582,013 | 100 | 3,107 |
| 2010 | 682,205 | 100 | 3,180 |
| 2009 | 591,407 | 100 | 3,134 |
| 2008 | 584,408 | 100 | 3,082 |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

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 |
|--------------------------------|---------------------------------|-----------------------------------|---------------------------|-----------------|--------------------|--|
| 7/1/2013 | \$ 15,700,414 | \$ 24,327,200 | \$ 8,626,786 | 64.5 % | \$3,007,137 | 286.9 % |
| 7/1/2012 | 15,268,424 | 23,584,352 | 8,315,928 | 64.7 | 3,322,719 | 250.3 |
| 7/1/2011 | 15,416,052 | 22,599,364 | 7,183,312 | 68.2 | 3,516,175 | 204.3 |
| 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 |

Pension 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.

City employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6% 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 is required by statute to contribute actuarially computed amounts as determined by PERS. PERS completes an actuarial valuation as of December 31 of odd numbered years for new rates to be implemented July 1 of the next odd numbered year. Rates are subject to change as a result of subsequent actuarial valuation and the proportion of the system that is funded for each local government employer.

For PERS, the City is a participant in the State and Local Government Rate Pool, which includes the State, Oregon Community Colleges, and most local governmental entities. Employer rates can be set as a single rate, weighted for police and fire participants, or the government can choose to have separate rates for police and fire participants and general service participants. The City has elected to have a single rate. During the 2012-13 fiscal year, the City's net employer contribution rate was 14.75% for Tier1/Tier 2 employees. For OPSRP, all employers are included in a single pool, with separate rates assigned for police and fire participants and general

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

service participants. For fiscal year 2012-13, the City's contribution rates were 7.35% for general service participants and 10.06% for police and fire participants. 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, 2013, 2012 and 2011 were equal to the City's required contributions for each year as follows:

| Year Ended June 30, | Employer Contribution | Member Contribution | Totals |
|------------------------|--------------------------|------------------------|--------------|
| 2013 | \$ 764,183 | \$ 360,662 | \$ 1,124,845 |
| 2012 | 736,056 | 341,036 | 1,077,092 |
| 2011 | 431,228 | 346,987 | 778,215 |

GASB 54 Fund Balances

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

| | General | Street | Building Inspection | Nonmajor Funds | Total |
|-----------------------|-------------|------------|------------------------|-------------------|--------------|
| Fund balances | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ - | \$ 57,729 | \$ - | \$ - | \$ 57,729 |
| Restricted: | | | | | |
| Capital projects | - | - | - | 2,534,551 | 2,534,551 |
| Debt service | - | - | - | 199,316 | 199,316 |
| 911 Center operations | - | - | - | 89,061 | 89,061 |
| Police services | - | - | - | 197,166 | 197,166 |
| Fire & EMS equipment | - | - | - | 174,453 | 174,453 |
| Street maintenance | - | 631,374 | - | - | 631,374 |
| Building inspection | - | - | 339,929 | - | 339,929 |
| Library services | - | - | - | 92,624 | 92,624 |
| Committed: | | | | | |
| Economic development | - | - | - | 643,183 | 643,183 |
| Public communications | - | - | - | 41,747 | 41,747 |
| Assigned: | | | | | |
| Capital projects | - | - | - | 109,838 | 109,838 |
| Debt service | - | - | - | 607,458 | 607,458 |
| Unassigned | 2,835,743 | - | - | - | 2,835,743 |
| Total fund balances | \$2,835,743 | \$ 689,103 | \$ 339,929 | \$ 4,689,397 | \$ 8,554,172 |

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Net Position Restricted Through Enabling Legislation

Governmental Activities

| | |
|--|--------------|
| Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made | \$ 2,579,514 |
| The State of Oregon restricts the use of property taxes levied for projects financed by general obligation bonds. | 241,522 |
| The State of Oregon restricts the use of 911 taxes | 89,061 |
| Highways and streets – Article IX, Section 3a of the Oregon State Constitution Restricts the use of revenues from taxes on motor vehicle fuel use | 689,103 |
| The State of Oregon restricts the use of building permit fees | 339,929 |

Business-type Activities

| | |
|--|-----------|
| Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made | 2,614,036 |
|--|-----------|

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 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 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.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2013

Prior Period Adjustment

The City of Newberg chose to implement both GASB 63 and GASB 65 for the 2012-13 fiscal year. As a result, prepaid bond issuance costs that had previously been reported as an asset (net of amortization), in the Governmental Activities, needed to be restated. The resulting adjustment to the beginning net position of the governmental activities was a decrease of \$21,265.

Subsequent Events

During August of 2013, the City Council terminated the employment contract with the City Manager. As a result of this action, the City was contractually obligated to provide the former Manager a severance package valued at \$73,748.

The City also settled a legal dispute with a former employee during August of 2013. The settlement approved by City Council was \$44,280.

The City entered into a capital lease agreement during September of 2013 for \$250,000 to acquire computer network equipment and software. The annual lease payments will be \$51,860 at an interest rate of 1.86%.

OTHER SUPPLEMENTARY DATA

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND 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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

| | Special Revenue | Debt Service | Capital Projects | Totals |
|--|---------------------|-------------------|---------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 1,013,586 | \$ 811,281 | \$ 2,839,894 | \$ 4,664,761 |
| Receivables: | | | | |
| Accounts | 74,500 | - | 10,621 | 85,121 |
| Loans | 35,159 | - | - | 35,159 |
| Assessments | - | - | 44,963 | 44,963 |
| Taxes | - | 42,206 | - | 42,206 |
| Total assets | \$ 1,123,245 | \$ 853,487 | \$ 2,895,478 | \$ 4,872,210 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 14,557 | \$ - | \$ 31,673 | \$ 46,230 |
| Payroll payables | 9,748 | - | - | 9,748 |
| Interest payable | - | 4,507 | - | 4,507 |
| Total liabilities | 24,305 | 4,507 | 31,673 | 60,485 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable revenue-property taxes | - | 42,206 | - | 42,206 |
| Unavailable revenue-loans | 35,159 | - | - | 35,159 |
| Unavailable revenue-special assessments | - | - | 44,963 | 44,963 |
| Total deferred inflows of resources | 35,159 | 42,206 | 44,963 | 122,328 |
| <u>FUND BALANCES</u> | | | | |
| Restricted | 378,851 | 199,316 | 2,709,004 | 3,287,171 |
| Committed | 684,930 | - | - | 684,930 |
| Assigned | - | 607,458 | 109,838 | 717,296 |
| Total fund balances | 1,063,781 | 806,774 | 2,818,842 | 4,689,397 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,123,245 | \$ 853,487 | \$ 2,895,478 | \$ 4,872,210 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Special Revenue | Debt Service | Capital Projects | Totals |
|---|---------------------|-------------------|---------------------|---------------------|
| <u>Revenues</u> | | | | |
| Property taxes | \$ - | \$ 415,018 | \$ - | \$ 415,018 |
| Fees | 283,548 | 91,358 | 142,212 | 517,118 |
| Intergovernmental | 218,327 | - | 397,129 | 615,456 |
| Charges for services | 36,510 | - | 332,543 | 369,053 |
| Facilities charge | - | 118,936 | - | 118,936 |
| Pension bond charge | - | 203,052 | - | 203,052 |
| Loan collections | 2,722 | - | - | 2,722 |
| Assessments | - | - | 6,183 | 6,183 |
| Donations | 231,519 | - | 93,833 | 325,352 |
| Interest | 6,853 | 4,508 | 15,411 | 26,772 |
| Miscellaneous | - | - | 10,001 | 10,001 |
| Total revenues | 779,479 | 832,872 | 997,312 | 2,609,663 |
| <u>Expenditures</u> | | | | |
| Public safety | 557,571 | - | - | 557,571 |
| Library | 258,116 | - | - | 258,116 |
| Community development | 56,458 | - | - | 56,458 |
| Debt service: | | | | |
| Principal | - | 540,000 | - | 540,000 |
| Interest | - | 324,593 | - | 324,593 |
| Capital outlay | - | - | 1,684,913 | 1,684,913 |
| Total expenditures | 872,145 | 864,593 | 1,684,913 | 3,421,651 |
| Excess (deficiency) of revenues over expenditures | (92,666) | (31,721) | (687,601) | (811,988) |
| <u>Other financing sources (uses)</u> | | | | |
| Capital lease | 26,919 | - | 577,437 | 604,356 |
| Transfers in | - | 132,607 | 109,829 | 242,436 |
| Transfers out | (1,992) | (107,838) | (53,522) | (163,352) |
| Total other financing sources (uses) | 24,927 | 24,769 | 633,744 | 683,440 |
| Net change in fund balances | (67,739) | (6,952) | (53,857) | (128,548) |
| Fund balances, July 1, 2012 | 1,131,520 | 813,726 | 2,872,699 | 4,817,945 |
| Fund balances, June 30, 2013 | \$ 1,063,781 | \$ 806,774 | \$ 2,818,842 | \$ 4,689,397 |

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SPECIAL REVENUE 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

- Economic Development
- 911 Emergency
- Civil Forfeiture
- Cable TV
- Library Gift & Memorial
- Public Safety Fee

City of Newberg, Oregon

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

| | Economic Development | 911 Emergency | Cable TV | Library Gift & Memorial | Public Safety Fee | Totals |
|--|-------------------------|------------------|------------------|-------------------------------|----------------------|---------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and investments | \$ 643,543 | \$ 45,990 | \$ 41,747 | \$ 103,346 | \$ 178,960 | \$ 1,013,586 |
| Accounts and loans receivable | 35,159 | 50,840 | - | - | 23,660 | 109,659 |
| Total assets | \$ 678,702 | \$ 96,830 | \$ 41,747 | \$ 103,346 | \$ 202,620 | \$ 1,123,245 |
| <u>LIABILITIES</u> | | | | | | |
| Accounts payable | \$ 135 | \$ 3,700 | \$ - | \$ 10,722 | \$ - | \$ 14,557 |
| Payroll payables | 225 | 4,069 | - | - | 5,454 | 9,748 |
| Total liabilities | 360 | 7,769 | - | 10,722 | 5,454 | 24,305 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Unavailable revenue-loans | 35,159 | - | - | - | - | 35,159 |
| Total deferred inflows of resources | 35,159 | - | - | - | - | 35,159 |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted | - | 89,061 | - | 92,624 | 197,166 | 378,851 |
| Committed | 643,183 | - | 41,747 | - | - | 684,930 |
| Total fund balances | 643,183 | 89,061 | 41,747 | 92,624 | 197,166 | 1,063,781 |
| Total liabilities and fund balances | \$ 678,702 | \$ 96,830 | \$ 41,747 | \$ 103,346 | \$ 202,620 | \$ 1,123,245 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Economic Development | 911 Emergency | Cable TV | Library Gift & Memorial | Public Safety Fee | Totals |
|--|-------------------------|------------------|------------------|-------------------------------|----------------------|---------------------|
| <u>Revenues</u> | | | | | | |
| Public safety fee | \$ - | \$ - | \$ - | \$ - | \$ 283,548 | \$ 283,548 |
| Intergovernmental | 12,160 | 199,167 | - | 7,000 | - | 218,327 |
| Charges for services | 36,510 | - | - | - | - | 36,510 |
| Loan collections - principal | 2,722 | - | - | - | - | 2,722 |
| Loan collections - interest | 1,194 | - | - | - | - | 1,194 |
| Donations | - | - | - | 231,519 | - | 231,519 |
| Interest | 3,183 | 359 | 206 | 914 | 997 | 5,659 |
| Total revenues | 55,769 | 199,526 | 206 | 239,433 | 284,545 | 779,479 |
| <u>Expenditures</u> | | | | | | |
| Public safety | - | 214,970 | - | - | 342,601 | 557,571 |
| Library | - | - | - | 258,116 | - | 258,116 |
| Community development | 56,458 | - | - | - | - | 56,458 |
| Total expenditures | 56,458 | 214,970 | - | 258,116 | 342,601 | 872,145 |
| Excess (deficiency) of revenues over expenditures | (689) | (15,444) | 206 | (18,683) | (58,056) | (92,666) |
| <u>Other financing uses</u> | | | | | | |
| Capital lease | - | - | - | - | 26,919 | 26,919 |
| Transfers out | (1,861) | - | - | (131) | - | (1,992) |
| Total other financing uses | (1,861) | - | - | (131) | 26,919 | 24,927 |
| Net change in fund balances | (2,550) | (15,444) | 206 | (18,814) | (31,137) | (67,739) |
| Fund balances, July 1, 2012 | 645,733 | 104,505 | 41,541 | 111,438 | 228,303 | 1,131,520 |
| Fund balances, June 30, 2013 | \$ 643,183 | \$ 89,061 | \$ 41,747 | \$ 92,624 | \$ 197,166 | \$ 1,063,781 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Business license fee | \$ 40,000 | \$ 40,000 | \$ 36,510 | \$ (3,490) |
| Loan collections - principal | - | - | 2,722 | 2,722 |
| Loan collections - interest | - | - | 1,194 | 1,194 |
| Grants | - | 200,000 | 12,160 | (187,840) |
| Interest | 1,500 | 1,500 | 3,183 | 1,683 |
| Total revenues | 41,500 | 241,500 | 55,769 | (185,731) |
| <u>Expenditures</u> | | | | |
| Economic development | 292,463 | 492,564 | 56,458 | 436,106 |
| Contingency | 135,215 | 392,808 | - | 392,808 |
| Total expenditures | 427,678 | 885,372 | 56,458 | 828,914 |
| Excess (deficiency) of revenues over expenditures | (386,178) | (643,872) | (689) | 643,183 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (1,861) | (1,861) | (1,861) | - |
| Total other financing sources (uses) | (1,861) | (1,861) | (1,861) | - |
| Net change in fund balances | (388,039) | (645,733) | (2,550) | 643,183 |
| Fund balances, July 1, 2012 | 388,039 | 645,733 | 645,733 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 643,183 | \$ 643,183 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|------------------|----------------|------------------|------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| 911 telephone excise tax | \$ 133,000 | \$ 149,000 | \$ 199,167 | \$ 50,167 |
| Interest | 250 | 250 | 359 | 109 |
| Total revenues | 133,250 | 149,250 | 199,526 | 50,276 |
| <u>Expenditures</u> | | | | |
| Public safety | 197,832 | 228,832 | 214,970 | 13,862 |
| Contingency | 5,227 | 24,923 | - | 24,923 |
| Total expenditures | 203,059 | 253,755 | 214,970 | 38,785 |
| Net change in fund balances | (69,809) | (104,505) | (15,444) | 89,061 |
| Fund balances, July 1, 2012 | 69,809 | 104,505 | 104,505 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 89,061 | \$ 89,061 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|------------------|---------------|-------------|-----------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Forfeitures | \$ 5,000 | \$ 15,000 | \$ - | \$ (15,000) |
| Total revenues | 5,000 | 15,000 | - | (15,000) |
| <u>Expenditures</u> | | | | |
| Public safety | 5,000 | 15,000 | - | 15,000 |
| Total expenditures | 5,000 | 15,000 | - | 15,000 |
| Net change in fund balances | - | - | - | - |
| Fund balances, July 1, 2012 | - | - | - | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ - | \$ - |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|------------------|---------------|------------------|------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Interest | \$ 150 | \$ 150 | \$ 206 | \$ 56 |
| Total revenues | 150 | 150 | 206 | 56 |
| <u>Expenditures</u> | | | | |
| General government | 15,000 | 15,000 | - | 15,000 |
| Contingency | 26,672 | 26,672 | - | 26,672 |
| Total expenditures | 41,672 | 41,672 | - | 41,672 |
| Net change in fund balances | (41,522) | (41,522) | 206 | 41,728 |
| Fund balances, July 1, 2012 | 41,522 | 41,522 | 41,541 | 19 |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 41,747 | \$ 41,747 |

City of Newberg, Oregon

LIBRARY GIFT & MEMORIAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|------------------|------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Grants | \$ 12,600 | \$ 12,600 | \$ 7,000 | \$ (5,600) |
| Donations | 150,000 | 250,000 | 231,519 | (18,481) |
| Interest | 850 | 850 | 914 | 64 |
| Total revenues | 163,450 | 263,450 | 239,433 | (24,017) |
| <u>Expenditures</u> | | | | |
| Library | 170,600 | 347,820 | 258,116 | 89,704 |
| Contingency | 174,806 | 26,937 | - | 26,937 |
| Total expenditures | 345,406 | 374,757 | 258,116 | 116,641 |
| Excess (deficiency) of revenues over expenditures | (181,956) | (111,307) | (18,683) | 92,624 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | - | (131) | (131) | - |
| Total other financing sources (uses) | - | (131) | (131) | - |
| Net change in fund balances | (181,956) | (111,438) | (18,814) | 92,624 |
| Fund balances, July 1, 2012 | 181,956 | 111,438 | 111,438 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 92,624 | \$ 92,624 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Public safety fee | \$ 281,400 | \$ 281,400 | \$ 283,548 | \$ 2,148 |
| Interest | 1,000 | 1,000 | 997 | (3) |
| Total revenues | 282,400 | 282,400 | 284,545 | 2,145 |
| <u>Expenditures</u> | | | | |
| Public safety | 348,117 | 348,117 | 342,601 | 5,516 |
| Contingency | 193,177 | 199,586 | - | 199,586 |
| Total expenditures | 541,294 | 547,703 | 342,601 | 205,102 |
| Excess (deficiency) of revenues over expenditures | (258,894) | (265,303) | (58,056) | 207,247 |
| <u>Other financing sources (uses)</u> | | | | |
| Capital lease | 37,000 | 37,000 | 26,919 | (10,081) |
| Total other financing sources (uses) | 37,000 | 37,000 | 26,919 | (10,081) |
| Net change in fund balances | (221,894) | (228,303) | (31,137) | 197,166 |
| Fund balances, July 1, 2012 | 221,894 | 228,303 | 228,303 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 197,166 | \$ 197,166 |

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DEBT SERVICE 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

- Debt Service
- City Hall

City of Newberg, Oregon

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

June 30, 2013

| | Debt Service | City Hall | Totals |
|--|-------------------|-------------------|-------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 203,823 | \$ 607,458 | \$ 811,281 |
| Property taxes receivable | 42,206 | - | 42,206 |
| Total assets | 246,029 | 607,458 | 853,487 |
| <u>LIABILITIES</u> | | | |
| Interest payable | 4,507 | - | 4,507 |
| Total liabilities | 4,507 | - | 4,507 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Unavailable revenue-property taxes | 42,206 | - | 42,206 |
| Total deferred inflows of resources | 42,206 | - | 42,206 |
| <u>FUND BALANCES</u> | | | |
| Restricted | 199,316 | - | 199,316 |
| Assigned | - | 607,458 | 607,458 |
| Total fund balances | 199,316 | 607,458 | 806,774 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 246,029 | \$ 607,458 | \$ 853,487 |

City of Newberg, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS

For the Year Ended June 30, 2013

| | Debt Service | City Hall | Totals |
|--|-------------------|-------------------|-------------------|
| <u>Revenues</u> | | | |
| Property taxes | \$ 415,018 | \$ - | \$ 415,018 |
| City Hall fee | - | 91,358 | 91,358 |
| Facilities charge | 118,936 | - | 118,936 |
| Pension bond charge | 203,052 | - | 203,052 |
| Interest | 1,537 | 2,971 | 4,508 |
| Total revenues | 738,543 | 94,329 | 832,872 |
| <u>Expenditures</u> | | | |
| Debt service: | | | |
| Principal | 540,000 | - | 540,000 |
| Interest | 324,593 | - | 324,593 |
| Total expenditures | 864,593 | - | 864,593 |
| Excess (deficiency) of revenues over expenditures | (126,050) | 94,329 | (31,721) |
| <u>Other financing sources (uses)</u> | | | |
| Transfers in | 132,607 | - | 132,607 |
| Transfers out | - | (107,838) | (107,838) |
| Total other financing sources (uses) | 132,607 | (107,838) | 24,769 |
| Net change in fund balances | 6,557 | (13,509) | (6,952) |
| Fund balances, July 1, 2012 | 192,759 | 620,967 | 813,726 |
| Fund balances, June 30, 2013 | \$ 199,316 | \$ 607,458 | \$ 806,774 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Property taxes | \$ 400,750 | \$ 400,750 | \$ 415,018 | \$ 14,268 |
| Facilities charge | 118,936 | 118,936 | 118,936 | - |
| Pension bond charge | 212,571 | 212,571 | 203,052 | (9,519) |
| Interest | 1,000 | 1,000 | 1,537 | 537 |
| Total revenues | 733,257 | 733,257 | 738,543 | 5,286 |
| <u>Expenditures</u> | | | | |
| Debt service | | | | |
| Principal | 540,000 | 540,000 | 540,000 | - |
| Interest | 324,594 | 324,594 | 324,593 | 1 |
| Total expenditures | 864,594 | 864,594 | 864,593 | 1 |
| Excess (deficiency) of revenues over expenditures | (131,337) | (131,337) | (126,050) | 5,287 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 132,607 | 132,607 | 132,607 | - |
| Total other financing sources (uses) | 132,607 | 132,607 | 132,607 | - |
| Net change in fund balances | 1,270 | 1,270 | 6,557 | 5,287 |
| Fund balances, July 1, 2012 | 182,693 | 182,693 | 192,759 | 10,066 |
| Fund balances, June 30, 2013 | \$ 183,963 | \$ 183,963 | \$ 199,316 | \$ 15,353 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| City Hall fee | \$ 71,000 | \$ 71,000 | \$ 91,358 | \$ 20,358 |
| Interest | 1,700 | 1,700 | 2,971 | 1,271 |
| Total revenues | 72,700 | 72,700 | 94,329 | 21,629 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers out | (107,838) | (107,838) | (107,838) | - |
| Total other financing sources (uses) | (107,838) | (107,838) | (107,838) | - |
| Net change in fund balances | (35,138) | (35,138) | (13,509) | 21,629 |
| Fund balances, July 1, 2012 | 589,694 | 589,694 | 620,967 | 31,273 |
| Fund balances, June 30, 2013 | \$ 554,556 | \$ 554,556 | \$ 607,458 | \$ 52,902 |

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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 System Development
- Street Capital Projects
- Animal Shelter
- Fire & EMS Equipment Fee

City of Newberg, Oregon

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2013

| | Street SDC | Street Capital Projects | Fire & EMS Equipment Fee | Totals |
|--|---------------------|-------------------------------|-----------------------------------|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 2,534,551 | \$ 137,711 | \$ 167,632 | \$ 2,839,894 |
| Accounts receivable | - | - | 10,621 | 10,621 |
| Assessments receivable | 44,963 | - | - | 44,963 |
| Total assets | 2,579,514 | 137,711 | 178,253 | 2,895,478 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | - | 27,873 | 3,800 | 31,673 |
| Total liabilities | - | 27,873 | 3,800 | 31,673 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Unavailable revenue-special assessments | 44,963 | - | - | 44,963 |
| Total deferred inflows of resources | 44,963 | - | - | 44,963 |
| <u>FUND BALANCES</u> | | | | |
| Restricted | 2,534,551 | - | 174,453 | 2,709,004 |
| Assigned | - | 109,838 | - | 109,838 |
| Total fund balances | 2,534,551 | 109,838 | 174,453 | 2,818,842 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,579,514 | \$ 137,711 | \$ 178,253 | \$ 2,895,478 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Street SDC | Street Capital Projects | Animal Shelter | Fire & EMS Equipment Fee | Totals |
|--|---------------------|-------------------------------|-------------------|-----------------------------------|---------------------|
| <u>Revenues</u> | | | | | |
| Intergovernmental | \$ - | \$ 397,129 | \$ - | \$ - | \$ 397,129 |
| Fees | - | - | - | 142,212 | 142,212 |
| Charges for services | 320,661 | 11,882 | - | - | 332,543 |
| Assessments | 6,183 | - | - | - | 6,183 |
| Donations | 42,000 | 51,541 | 292 | - | 93,833 |
| Interest | 13,617 | 161 | 134 | 1,499 | 15,411 |
| Miscellaneous | - | - | - | 10,001 | 10,001 |
| Total revenues | 382,461 | 460,713 | 426 | 153,712 | 997,312 |
| <u>Expenditures</u> | | | | | |
| Capital outlay | - | 586,114 | 65,000 | 1,033,799 | 1,684,913 |
| Total expenditures | - | 586,114 | 65,000 | 1,033,799 | 1,684,913 |
| Excess (deficiency) of revenues over expenditures | 382,461 | (125,401) | (64,574) | (880,087) | (687,601) |
| <u>Other financing sources (uses)</u> | | | | | |
| Lease proceeds | | - | - | 577,437 | 577,437 |
| Transfers in | - | 89,329 | - | 20,500 | 109,829 |
| Transfers out | (53,522) | - | - | - | (53,522) |
| Total other financing sources (uses) | (53,522) | 89,329 | - | 597,937 | 633,744 |
| Net change in fund balances | 328,939 | (36,072) | (64,574) | (282,150) | (53,857) |
| Fund balances, July 1, 2012 | 2,205,612 | 145,910 | 64,574 | 456,603 | 2,872,699 |
| Fund balances, June 30, 2013 | \$ 2,534,551 | \$ 109,838 | \$ - | \$ 174,453 | \$ 2,818,842 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Charges for services | \$ 239,500 | \$ 239,500 | \$ 320,661 | \$ 81,161 |
| Grants | - | - | 42,000 | 42,000 |
| Assessments | 8,000 | 8,000 | 6,183 | (1,817) |
| Interest | 7,000 | 7,000 | 13,617 | 6,617 |
| Total revenues | 254,500 | 254,500 | 382,461 | 127,961 |
| <u>Expenditures</u> | | | | |
| Contingency | 2,202,872 | 2,209,292 | - | 2,209,292 |
| Total expenditures | 2,202,872 | 2,209,292 | - | 2,209,292 |
| Excess (deficiency) of revenues over expenditures | (1,948,372) | (1,954,792) | 382,461 | 2,337,253 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 180 | 180 | - | (180) |
| Transfers out | (231,000) | (251,000) | (53,522) | 197,478 |
| Total other financing sources (uses) | (230,820) | (250,820) | (53,522) | 197,298 |
| Net change in fund balances | (2,179,192) | (2,205,612) | 328,939 | 2,534,551 |
| Fund balances, July 1, 2012 | 2,179,192 | 2,205,612 | 2,205,612 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 2,534,551 | \$ 2,534,551 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Charges for services | \$ - | \$ - | \$ 11,882 | \$ 11,882 |
| Donations | - | - | 51,541 | 51,541 |
| Grants | 620,000 | 320,000 | 397,129 | 77,129 |
| Interest | 500 | 500 | 161 | (339) |
| Total revenues | 620,500 | 320,500 | 460,713 | 140,213 |
| <u>Expenditures</u> | | | | |
| Capital outlay | 1,111,000 | 840,448 | 586,114 | 254,334 |
| Contingency | 146,200 | 146,200 | - | 146,200 |
| Total expenditures | 1,257,200 | 986,648 | 586,114 | 400,534 |
| Excess (deficiency) of revenues over expenditures | (636,700) | (666,148) | (125,401) | 540,747 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 491,000 | 520,448 | 89,329 | (431,119) |
| Total other financing sources (uses) | 491,000 | 520,448 | 89,329 | (431,119) |
| Net change in fund balances | (145,700) | (145,700) | (36,072) | 109,628 |
| Fund balances, July 1, 2012 | 145,700 | 145,700 | 145,910 | 210 |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 109,838 | \$ 109,838 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|------------------|---------------|---------------|----------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Donations | \$ 10,000 | \$ 10,000 | \$ 292 | \$ (9,708) |
| Interest | 200 | 200 | 134 | (66) |
| Total revenues | 10,200 | 10,200 | 426 | (9,774) |
| <u>Expenditures</u> | | | | |
| Capital outlay | 201,289 | 74,774 | 65,000 | 9,774 |
| Total expenditures | 201,289 | 74,774 | 65,000 | 9,774 |
| Net change in fund balances | (191,089) | (64,574) | (64,574) | - |
| Fund balances, July 1, 2012 | 191,089 | 64,574 | 64,574 | - |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ - | \$ - |

City of Newberg, Oregon

FIRE & EMS EQUIPMENT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Fire truck fee | \$ 140,000 | \$ 140,000 | \$ 142,212 | \$ 2,212 |
| Interest | 2,000 | 2,000 | 1,499 | (501) |
| Miscellaneous | - | - | 10,001 | 10,001 |
| Total revenues | 142,000 | 142,000 | 153,712 | 11,712 |
| <u>Expenditures</u> | | | | |
| Capital outlay | 1,051,000 | 1,078,500 | 1,033,799 | 44,701 |
| Contingency | 164,383 | 167,604 | - | 167,604 |
| Total expenditures | 1,215,383 | 1,246,104 | 1,033,799 | 212,305 |
| Excess (deficiency) of revenues over expenditures | (1,073,383) | (1,104,104) | (880,087) | 224,017 |
| <u>Other financing sources (uses)</u> | | | | |
| Capital lease | 600,000 | 600,000 | 577,437 | (22,563) |
| Sale of assets | - | 5,000 | - | (5,000) |
| Transfer in | 20,000 | 42,500 | 20,500 | (22,000) |
| Total other financing sources (uses) | 620,000 | 647,500 | 597,937 | (49,563) |
| Net change in fund balances | (453,383) | (456,604) | (282,150) | 174,454 |
| Fund balances, July 1, 2012 | 453,383 | 456,604 | 456,603 | (1) |
| Fund balances, June 30, 2013 | \$ - | \$ - | \$ 174,453 | \$ 174,453 |

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PROPRIETARY FUNDS

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

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

Water

- Water
- Water Replacement Reserve
- Water System Development

Wastewater

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

Stormwater

- Stormwater
- Stormwater System Development

Other

- Proprietary Capital Projects

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Charges for services | \$ 4,389,231 | \$ 4,389,231 | \$ 4,697,210 | \$ 307,979 |
| Interest | 20,821 | 20,821 | 36,578 | 15,757 |
| Other | 5,000 | 5,000 | 31,215 | 26,215 |
| Total revenues | 4,415,052 | 4,415,052 | 4,765,003 | 349,951 |
| <u>Expenditures</u> | | | | |
| Treatment plant operations and maintenance | 2,963,714 | 2,974,531 | 2,707,182 | 267,349 |
| Debt service: | | | | |
| Principal | 255,145 | 255,145 | 255,145 | - |
| Interest | 159,004 | 159,004 | 159,004 | - |
| Contingency | 3,191,250 | 3,690,943 | - | 3,690,943 |
| Total expenditures | 6,569,113 | 7,079,623 | 3,121,331 | 3,958,292 |
| Excess (deficiency) of revenues over expenditures | (2,154,061) | (2,664,571) | 1,643,672 | 4,308,243 |
| <u>Other financing sources (uses)</u> | | | | |
| Sale of capital assets | - | - | 122 | 122 |
| Transfers out | (1,480,823) | (1,316,823) | (841,302) | 475,521 |
| Total other financing sources (uses) | (1,480,823) | (1,316,823) | (841,180) | 475,643 |
| Net change in fund balances | (3,634,884) | (3,981,394) | 802,492 | 4,783,886 |
| Fund balance, July 1, 2012 | 3,634,884 | 3,981,394 | 3,981,390 | (4) |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 4,783,882 | \$ 4,783,882 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|---------------------|----------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Interest | \$ 17,000 | \$ 17,000 | \$ 14,535 | \$ (2,465) |
| Total revenues | 17,000 | 17,000 | 14,535 | (2,465) |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 43,282 | 43,282 | 43,282 | - |
| Total other financing sources (uses) | 43,282 | 43,282 | 43,282 | - |
| Net change in fund balances | 60,282 | 60,282 | 57,817 | (2,465) |
| Fund balance, July 1, 2012 | 2,900,586 | 2,900,586 | 2,903,188 | 2,602 |
| Fund balance, June 30, 2013 | \$ 2,960,868 | \$ 2,960,868 | \$ 2,961,005 | \$ 137 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Development fees | \$ 465,500 | \$ 465,500 | \$ 413,745 | \$ (51,755) |
| Special assessments | 1,400 | 1,400 | 2,630 | 1,230 |
| Interest | 6,800 | 6,800 | 6,828 | 28 |
| Total revenues | 473,700 | 473,700 | 423,203 | (50,497) |
| <u>Expenditures</u> | | | | |
| Debt service: | | | | |
| Principal | 453,234 | 453,234 | 453,234 | - |
| Interest | 391,486 | 391,486 | 391,485 | 1 |
| Contingency | 602,452 | 677,512 | - | 677,512 |
| Total expenditures | 1,447,172 | 1,522,232 | 844,719 | 677,513 |
| Excess (deficiency) of revenues over expenditures | (973,472) | (1,048,532) | (421,516) | 627,016 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 460,953 | 760,953 | 459,480 | (301,473) |
| Transfers out | (350,000) | (404,000) | (260,622) | 143,378 |
| Total other financing sources (uses) | 110,953 | 356,953 | 198,858 | (158,095) |
| Net change in fund balances | (862,519) | (691,579) | (222,658) | 468,921 |
| Fund balance, July 1, 2012 | 862,519 | 691,579 | 691,576 | (3) |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 468,918 | \$ 468,918 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Charges for services | \$ 6,468,566 | \$ 6,468,566 | \$ 6,554,208 | \$ 85,642 |
| Grant | - | 33,746 | 33,746 | - |
| Interest | 11,000 | 11,000 | 28,726 | 17,726 |
| Other | 15,300 | 15,300 | 36,787 | 21,487 |
| Total revenues | 6,494,866 | 6,528,612 | 6,653,467 | 124,855 |
| <u>Expenditures</u> | | | | |
| Plant operations and maintenance | 4,000,373 | 4,079,022 | 3,482,786 | 596,236 |
| Debt service: | | | | |
| Principal | 492,556 | 492,556 | 492,556 | - |
| Interest | 236,852 | 236,852 | 236,852 | - |
| Contingency | 5,658,762 | 6,811,976 | - | 6,811,976 |
| Total expenditures | 10,388,543 | 11,620,406 | 4,212,194 | 7,408,212 |
| Excess (deficiency) of revenues over expenditures | (3,893,677) | (5,091,794) | 2,441,273 | 7,533,067 |
| <u>Other financing sources (uses)</u> | | | | |
| Capital lease | 135,000 | 135,000 | 8,410 | (126,590) |
| Sale of capital assets | - | - | 3,400 | 3,400 |
| Transfers in | 19,639 | 19,639 | 19,639 | - |
| Transfers out | (776,514) | (230,014) | (63,708) | 166,306 |
| Total other financing sources (uses) | (621,875) | (75,375) | (32,259) | 43,116 |
| Net change in fund balances | (4,515,552) | (5,167,169) | 2,409,014 | 7,576,183 |
| Fund balance, July 1, 2012 | 4,515,552 | 5,167,169 | 5,167,170 | 1 |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 7,576,184 | \$ 7,576,184 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|---------------------|---------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Interest | \$ 5,981 | \$ 5,981 | \$ 5,957 | \$ (24) |
| Total revenues | 5,981 | 5,981 | 5,957 | (24) |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 63,614 | 63,614 | 63,614 | - |
| Total other financing sources (uses) | 63,614 | 63,614 | 63,614 | - |
| Net change in fund balances | 69,595 | 69,595 | 69,571 | (24) |
| Fund balance, July 1, 2012 | 1,164,346 | 1,164,346 | 1,165,333 | 987 |
| Fund balance, June 30, 2013 | \$ 1,233,941 | \$ 1,233,941 | \$ 1,234,904 | \$ 963 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Development fees | \$ 531,500 | \$ 531,500 | \$ 828,009 | \$ 296,509 |
| Assessment installments | 1,500 | 1,500 | 2,451 | 951 |
| Interest | 3,260 | 3,260 | 7,220 | 3,960 |
| Total revenues | 536,260 | 536,260 | 837,680 | 301,420 |
| <u>Expenditures</u> | | | | |
| Debt service: | | | | |
| Principal | 151,288 | 151,288 | 151,288 | - |
| Interest | 133,006 | 133,006 | 133,006 | - |
| Contingency | 1,608,735 | 1,434,777 | - | 1,434,777 |
| Total expenditures | 1,893,029 | 1,719,071 | 284,294 | 1,434,777 |
| Excess (deficiency) of revenues over expenditures | (1,356,769) | (1,182,811) | 553,386 | 1,736,197 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 654 | 654 | - | (654) |
| Transfers out | (58,600) | (58,600) | (31) | 58,569 |
| Total other financing sources (uses) | (57,946) | (57,946) | (31) | 57,915 |
| Net change in fund balances | (1,414,715) | (1,240,757) | 553,355 | 1,794,112 |
| Fund balance, July 1, 2012 | 1,414,715 | 1,240,757 | 1,240,756 | (1) |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 1,794,111 | \$ 1,794,111 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Expenditures</u> | | | | |
| Capital projects | \$ 7,980,258 | \$ 7,980,258 | \$ 4,955,820 | \$ 3,024,438 |
| Total expenditures | 7,980,258 | 7,980,258 | 4,955,820 | 3,024,438 |
| <u>Other financing sources (uses)</u> | | | | |
| Financing agreements | 7,980,258 | 7,980,258 | 5,205,669 | (2,774,589) |
| Total other financing sources (uses) | 7,980,258 | 7,980,258 | 5,205,669 | (2,774,589) |
| Net change in fund balances | - | - | 249,849 | 249,849 |
| Fund deficit, June 30, 2012 | - | - | (526,803) | (526,803) |
| Fund deficit, June 30, 2013 | \$ - | \$ - | \$ (276,954) | \$ (276,954) |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|------------------------------------|------------------|------------------|---------------------|---------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Charges for services | \$ 830,165 | \$ 830,165 | \$ 866,371 | \$ 36,206 |
| Interest | 2,214 | 2,214 | 4,402 | 2,188 |
| Total revenues | 832,379 | 832,379 | 870,773 | 38,394 |
| <u>Expenditures</u> | | | | |
| Operation and maintenance | 857,879 | 863,051 | 769,823 | 93,228 |
| Contingency | 738,842 | 873,109 | - | 873,109 |
| Total expenditures | 1,596,721 | 1,736,160 | 769,823 | 966,337 |
| Net change in fund balances | (764,342) | (903,781) | 100,950 | 1,004,731 |
| Fund balance, July 1, 2012 | 764,342 | 903,781 | 903,784 | 3 |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 1,004,734 | \$ 1,004,734 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Development fees | \$ 239,500 | \$ 239,500 | \$ 41,674 | \$ (197,826) |
| Assessments | 1,500 | 1,500 | 1,502 | 2 |
| Interest | 1,500 | 1,500 | 2,808 | 1,308 |
| Total revenues | 242,500 | 242,500 | 45,984 | (196,516) |
| <u>Expenditures</u> | | | | |
| Contingency | 348,997 | 342,296 | - | 342,296 |
| Total expenditures | 348,997 | 342,296 | - | 342,296 |
| Excess (deficiency) of revenues over expenditures | (106,497) | (99,796) | 45,984 | 145,780 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 134 | 134 | - | (134) |
| Transfers out | (250,000) | (250,000) | (44,640) | 205,360 |
| Total other financing sources (uses) | (249,866) | (249,866) | (44,640) | 205,226 |
| Net change in fund balances | (356,363) | (349,662) | 1,344 | 351,006 |
| Fund balance, July 1, 2012 | 356,363 | 349,662 | 349,663 | 1 |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 351,007 | \$ 351,007 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|------------------|----------------|------------------|
| | Original | Final | | |
| <u>Expenditures</u> | | | | |
| Capital outlay | \$ 2,371,500 | \$ 1,415,000 | \$ 665,866 | \$ 749,134 |
| Total expenditures | 2,371,500 | 1,415,000 | 665,866 | 749,134 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 2,371,500 | 1,415,000 | 665,866 | (749,134) |
| Total other financing sources (uses) | 2,371,500 | 1,415,000 | 665,866 | (749,134) |
| Net change in fund balances | - | - | - | - |
| Fund balance, July 1, 2012 | - | - | - | - |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ - | \$ - |

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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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Charges for services | \$ 1,405,200 | \$ 1,405,200 | \$ 1,446,910 | \$ 41,710 |
| Contributions | 15,000 | 15,000 | 20,000 | 5,000 |
| Interest | 1,000 | 1,000 | 1,818 | 818 |
| Other | 5,000 | 5,000 | 418 | (4,582) |
| Total revenues | 1,426,200 | 1,426,200 | 1,469,146 | 42,946 |
| <u>Expenditures</u> | | | | |
| Fire | 1,409,988 | 1,429,942 | 1,277,208 | 152,734 |
| Contingency | 138,786 | 261,829 | - | 261,829 |
| Total expenditures | 1,548,774 | 1,691,771 | 1,277,208 | 414,563 |
| Excess (deficiency) of expenditures over revenues | (122,574) | (265,571) | 191,938 | 457,509 |
| <u>Other financing sources (uses)</u> | | | | |
| Sale of capital assets | - | 22,500 | 500 | (22,000) |
| Transfers out | (20,000) | (42,500) | (20,500) | 22,000 |
| Total other financing sources (uses) | (20,000) | (20,000) | (20,000) | - |
| Net change in fund balances | (142,574) | (285,571) | 171,938 | 457,509 |
| Fund balance, July 1, 2012 | 142,574 | 285,571 | 285,573 | 2 |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 457,511 | \$ 457,511 |

City of Newberg

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

For the Year Ended June 30, 2013

| Fund | Water | | Wastewater | |
|---|--------------|--------------|------------|--------------|
| | Revenues | Expenditures | Revenues | Expenditures |
| Water | \$ 4,765,125 | \$ 3,121,331 | \$ - | \$ - |
| Water Replacement Reserve | 14,535 | - | - | - |
| Water System Development | 423,203 | 844,719 | - | - |
| Wastewater | - | - | 6,665,277 | 4,212,194 |
| Wastewater Replacement Reserve | - | - | 5,957 | - |
| Wastewater System Development | - | - | 837,680 | 284,294 |
| Wastewater Financed CIP | - | - | - | 4,955,820 |
| Stormwater | - | - | - | - |
| Stormwater System Development | - | - | - | - |
| Proprietary Capital Projects | - | 621,101 | - | 125 |
| Emergency Medical Services | - | - | - | - |
| Total revenues and expenditures (Budgetary Basis) | 5,202,863 | 4,587,151 | 7,508,914 | 9,452,433 |
| <u>Adjustments</u> | | | | |
| Depreciation | - | 1,089,015 | - | 1,515,504 |
| Contributed capital | (413,745) | - | (861,755) | - |
| Principal payments | - | (708,376) | - | (643,847) |
| Interest accrual | - | (20,102) | - | (22,384) |
| Assessment receivable collections | (2,633) | - | (2,450) | - |
| Expenditures capitalized | - | (620,962) | - | (5,033,686) |
| Change in compensated absences | - | (2,597) | (8,410) | (1,566) |
| Net pension obligation expense | - | - | - | 3,017 |
| Capital lease expenditures | - | - | - | (8,410) |
| Other postemployment benefit expense | - | 19,533 | - | 23,399 |
| Total revenues and expenses (Accrual Basis) | 4,786,485 | 4,343,662 | 6,636,299 | 5,284,460 |
| Net income (loss) before contributions and transfers | | \$ 442,823 | | \$ 1,351,839 |

| Stormwater | | Emergency Medical Services | | Totals | |
|------------|---------------------|----------------------------|------------------|--------------|---------------------|
| Revenues | Expenditures | Revenues | Expenditures | Revenues | Expenditures |
| \$ - | \$ - | \$ - | \$ - | \$ 4,765,125 | \$ 3,121,331 |
| - | - | - | - | 14,535 | - |
| - | - | - | - | 423,203 | 844,719 |
| - | - | - | - | 6,665,277 | 4,212,194 |
| - | - | - | - | 5,957 | - |
| - | - | - | - | 837,680 | 284,294 |
| - | - | - | - | - | 4,955,820 |
| 870,773 | 769,823 | - | - | 870,773 | 769,823 |
| 45,984 | - | - | - | 45,984 | - |
| - | 44,640 | - | - | - | 665,866 |
| - | - | 1,469,646 | 1,277,208 | 1,469,646 | 1,277,208 |
| 916,757 | 814,463 | 1,469,646 | 1,277,208 | 15,098,180 | 16,131,255 |
| - | 279,195 | - | 88,860 | - | 2,972,574 |
| (41,674) | - | (20,000) | - | (1,337,174) | - |
| - | - | - | - | - | (1,352,223) |
| - | - | - | - | - | (42,486) |
| (1,504) | - | - | - | (6,587) | - |
| - | - | - | - | - | (5,654,648) |
| - | 1,395 | - | 5,407 | (8,410) | 2,639 |
| - | - | - | - | - | 3,017 |
| - | - | - | - | - | (8,410) |
| - | 9,279 | - | 11,197 | - | 63,408 |
| 873,579 | 1,104,332 | 1,449,646 | 1,382,672 | 13,746,009 | 12,115,126 |
| | <u>\$ (230,753)</u> | | <u>\$ 66,974</u> | | <u>\$ 1,630,883</u> |

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INTERNAL SERVICE FUNDS

- Combining Statement of Net Position
- Combining Statement of Revenues, Expenses and Changes in Net Position
- 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

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

June 30, 2013

| | <u>Administrative Support Services</u> | <u>Vehicle/ Equipment Replacement</u> | <u>Totals</u> |
|--|--|---|---------------------|
| <u>ASSETS</u> | | | |
| <u>Current assets</u> | | | |
| Cash and investments | \$ 1,090,662 | \$ 1,661,253 | \$ 2,751,915 |
| Accounts and other receivables | 1,617 | 1,690 | 3,307 |
| Inventory | 36,409 | - | 36,409 |
| Other assets - prepaid items | - | 2,000 | 2,000 |
| Total current assets | 1,128,688 | 1,664,943 | 2,793,631 |
| <u>Noncurrent assets</u> | | | |
| Capital assets, net of depreciation | 154,762 | 782,614 | 937,376 |
| Total noncurrent assets | 154,762 | 782,614 | 937,376 |
| Total assets | 1,283,450 | 2,447,557 | 3,731,007 |
| <u>LIABILITIES</u> | | | |
| <u>Current liabilities</u> | | | |
| Accounts payable | 122,770 | 5,975 | 128,745 |
| Payroll payables | 321,068 | - | 321,068 |
| Compensated absences | 109,349 | - | 109,349 |
| Current portion of capital leases payable | - | 87,115 | 87,115 |
| Total current liabilities | 553,187 | 93,090 | 646,277 |
| <u>Long-term obligations</u> | | | |
| Capital leases payable, net of current portion | - | 94,852 | 94,852 |
| Other postemployment benefits obligation | 190,872 | - | 190,872 |
| Total long-term obligations | 190,872 | 94,852 | 285,724 |
| Total liabilities | 744,059 | 187,942 | 932,001 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 154,762 | 600,647 | 755,409 |
| Unrestricted | 384,629 | 1,658,968 | 2,043,597 |
| Total net position | \$ 539,391 | \$ 2,259,615 | \$ 2,799,006 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| | <u>Administrative Support Services</u> | <u>Vehicle/ Equipment Replacement</u> | <u>Totals</u> |
|---|--|---|---------------------|
| <u>Operating revenues</u> | | | |
| Charges for services | \$ 3,130,219 | \$ 316,164 | \$ 3,446,383 |
| Other operating revenues | 561 | - | 561 |
| Total operating revenues | 3,130,780 | 316,164 | 3,446,944 |
| <u>Operating expenses</u> | | | |
| Personnel services | 2,010,577 | - | 2,010,577 |
| Materials and services | 961,013 | 53,290 | 1,014,303 |
| Depreciation | 71,604 | 198,394 | 269,998 |
| Total operating expenses | 3,043,194 | 251,684 | 3,294,878 |
| Operating income | 87,586 | 64,480 | 152,066 |
| <u>Nonoperating revenues (expenses)</u> | | | |
| Interest revenue | 5,347 | 8,082 | 13,429 |
| Interest expense | - | (3,269) | (3,269) |
| (Loss) on sale of assets | - | (300) | (300) |
| Total nonoperating revenues (expenses) | 5,347 | 4,513 | 9,860 |
| Income before transfers | 92,933 | 68,993 | 161,926 |
| Transfers in (out) | - | 40,000 | 40,000 |
| Change in net position | 92,933 | 108,993 | 201,926 |
| Total net position, July 1, 2012 | 446,458 | 2,150,622 | 2,597,080 |
| Total net position, June 30, 2013 | \$ 539,391 | \$ 2,259,615 | \$ 2,799,006 |

City of Newberg, Oregon

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2013

| | Administrative Support Services | Vehicle/ Equipment Replacement | Totals |
|--|---------------------------------------|--------------------------------------|---------------------|
| <u>Cash flows from operating activities</u> | | | |
| Cash received from other funds | \$ 3,129,042 | \$ 316,164 | \$ 3,445,206 |
| Cash paid to suppliers | (938,215) | (53,037) | (991,252) |
| Cash paid to employees | (2,056,068) | - | (2,056,068) |
| Other receipts | 561 | - | 561 |
| Net cash provided by operating activities | 135,320 | 263,127 | 398,447 |
| <u>Cash flows from noncapital financing activities</u> | | | |
| Transfers in | - | 40,000 | 40,000 |
| Net cash provided by noncapital financing activities | - | 40,000 | 40,000 |
| <u>Cash flows from capital and related financing activities</u> | | | |
| Loan principal payments | - | (126,948) | (126,948) |
| Loan interest payments | - | (3,269) | (3,269) |
| Proceeds from the sale of capital assets | - | 3,601 | 3,601 |
| Purchase of capital assets | - | (105,808) | (105,808) |
| Net cash (used in) capital and related financing activities | - | (232,424) | (232,424) |
| <u>Cash flows from investing activities</u> | | | |
| Interest received on investments | 5,347 | 8,083 | 13,430 |
| Net cash provided by investing activities | 5,347 | 8,083 | 13,430 |
| Net increase in cash | 140,667 | 78,786 | 219,453 |
| Cash and investments, July 1, 2012 | 949,995 | 1,582,467 | 2,532,462 |
| Cash and investments, June 30, 2013 | \$ 1,090,662 | \$ 1,661,253 | \$ 2,751,915 |

Reconciliation of operating income
to net cash provided by operating activities:

| | | | |
|--|-------------------|-------------------|-------------------|
| Operating income | \$ 87,586 | \$ 64,480 | \$ 152,066 |
| <u>Adjustments to reconcile operating income to net cash provided by operating activities:</u> | | | |
| Depreciation | 71,604 | 198,394 | 269,998 |
| Increase in accounts receivable | (1,177) | - | (1,177) |
| Increase in inventory | (2,826) | - | (2,826) |
| (Increase) decrease in accounts payable | (19,867) | 2,253 | (17,614) |
| Net cash provided by operating activities | \$ 135,320 | \$ 263,127 | \$ 398,447 |

Noncash capital activities

| | | | |
|-------------------------------|------|-----------|-----------|
| Borrowing under capital lease | \$ - | \$ 27,142 | \$ 27,142 |
|-------------------------------|------|-----------|-----------|

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|------------------------------------|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Internal service charges | \$ 3,135,048 | \$ 3,135,048 | \$ 3,110,771 | \$ (24,277) |
| Charges for services | 19,200 | 19,200 | 19,448 | 248 |
| Other | 561 | 561 | 561 | - |
| Interest | 3,000 | 3,000 | 5,347 | 2,347 |
| Total revenues | 3,157,809 | 3,157,809 | 3,136,127 | (21,682) |
| <u>Expenditures</u> | | | | |
| Departmental: | | | | |
| City Manager | 539,723 | 539,723 | 483,262 | 56,461 |
| Finance | 764,751 | 767,751 | 731,740 | 36,011 |
| General Office | 184,500 | 184,500 | 135,924 | 48,576 |
| Information Services | 445,911 | 445,911 | 440,904 | 5,007 |
| Legal | 637,376 | 643,376 | 589,563 | 53,813 |
| Public Works | 525,433 | 525,433 | 487,821 | 37,612 |
| Insurance | 250,000 | 250,000 | 187,980 | 62,020 |
| Contingency | 288,758 | 407,034 | - | 407,034 |
| Total expenditures | 3,636,452 | 3,763,728 | 3,057,194 | 706,534 |
| Net change in fund balances | (478,643) | (605,919) | 78,933 | 684,852 |
| Fund balance, July 1, 2012 | 478,643 | 605,919 | 605,917 | (2) |
| Fund balance, June 30, 2013 | \$ - | \$ - | \$ 684,850 | \$ 684,850 |

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, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|----------------|------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Equipment replacement charges | \$ 316,164 | \$ 316,164 | \$ 316,164 | \$ - |
| Interest | 5,000 | 5,000 | 8,082 | 3,082 |
| Total revenues | 321,164 | 321,164 | 324,246 | 3,082 |
| <u>Expenditures</u> | | | | |
| Departmental: | | | | |
| Finance | - | 3,000 | - | 3,000 |
| Information Technology | 60,000 | 60,000 | 55,875 | 4,125 |
| Police | 85,000 | 159,583 | 105,292 | 54,291 |
| Communications | 15,000 | 19,511 | 7,019 | 12,492 |
| Public Works | 590,000 | 610,000 | 98,371 | 511,629 |
| Facilities Repair/Maintenance | 30,000 | 50,000 | 49,900 | 100 |
| Contingency | 1,423,548 | 1,441,876 | - | 1,441,876 |
| Total expenditures | 2,203,548 | 2,343,970 | 316,457 | 2,027,513 |
| Excess (deficiency) of expenditures over revenues | (1,882,384) | (2,022,806) | 7,789 | 2,030,595 |
| <u>Other financing sources</u> | | | | |
| Capital lease | 350,000 | 404,061 | 27,142 | (376,919) |
| Sale of capital assets | - | - | 5,291 | 5,291 |
| Transfers in | 40,000 | 40,000 | 40,000 | - |
| Total other financing sources | 390,000 | 444,061 | 72,433 | (371,628) |
| Net change in fund balances | (1,492,384) | (1,578,745) | 80,222 | 1,658,967 |
| Fund balance, July 1, 2012 | 1,492,384 | 1,578,745 | 1,578,744 | (1) |
| | \$ - | \$ - | \$ 1,658,966 | \$ 1,658,966 |

City of Newberg, Oregon

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

For the Year Ended June 30, 2013

| Fund | Administrative Support Services | | Vehicle/ Equipment Replacement | | Totals | |
|--|---------------------------------|--------------|-----------------------------------|--------------|--------------|--------------|
| | Revenues | Expenditures | Revenues | Expenditures | Revenues | Expenditures |
| Administrative Support Services | \$ 3,136,127 | \$ 3,057,194 | \$ - | \$ - | \$ 3,136,127 | \$ 3,057,194 |
| Vehicle/Equipment Replacement | - | - | 324,246 | 316,457 | 324,246 | 316,457 |
| Total revenues and expenditures (Budgetary Basis) | 3,136,127 | 3,057,194 | 324,246 | 316,457 | 3,460,373 | 3,373,651 |
| Adjustments | | | | | | |
| Depreciation | - | 71,604 | - | 198,394 | - | 269,998 |
| Expenditures capitalized | - | - | - | (105,808) | - | (105,808) |
| Change in compensated absences | - | (117,699) | - | - | - | (117,699) |
| Other postemployment benefit expense | - | 32,095 | - | - | - | 32,095 |
| Expenditure of capital lease proceeds | - | - | - | (27,142) | - | (27,142) |
| Payment of capital lease principal | - | - | - | (126,948) | - | (126,948) |
| (Loss) on disposition of capital assets | - | - | (300) | - | (300) | - |
| Total revenues and expenses (Accrual Basis) | 3,136,127 | 3,043,194 | 323,946 | 254,953 | 3,460,073 | 3,298,147 |
| Net income before transfers | | \$ 92,933 | | \$ 68,993 | | \$ 161,926 |

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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, 2013

| | Balances | | | Balances |
|----------------------|-----------|------------|------------|-----------|
| <u>ASSETS</u> | 7/1/2012 | Additions | Deductions | 6/30/2013 |
| Cash and investments | \$ 62,155 | \$ 902,357 | \$ 895,421 | \$ 69,091 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 12,288 | \$ 148,503 | \$ 151,473 | \$ 9,318 |
| Funds held in trust | 49,867 | 753,854 | 743,948 | 59,773 |
| Total liabilities | \$ 62,155 | \$ 902,357 | \$ 895,421 | \$ 69,091 |

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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, 2013

Governmental funds capital assets:

| | |
|---|-----------------------|
| Land | \$ 1,123,292 |
| Right of way | 26,741,412 |
| Buildings and improvements | 11,766,588 |
| Equipment | 5,306,579 |
| Construction in progress | 305,118 |
| Infrastructure | <u>66,607,682</u> |
| Total governmental funds capital assets | <u>\$ 111,850,671</u> |

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

Investments in governmental funds capital assets by fund or source:

| | |
|---|-----------------------|
| General Fund | 9,805,814 |
| State Tax Street Fund | 476,060 |
| Building Inspection Fund | 81,556 |
| Economic Development Fund | 41,299 |
| 911 Emergency Fund | 131,399 |
| Civil Forfeiture Fund | 233,632 |
| Cable TV Fund | 94,013 |
| Public Safety Fee Fund | 64,194 |
| City Hall Bond Fund | 10,920 |
| Street System Development Fund | 6,470,683 |
| Fire & EMS Equipment Fee | 2,187,399 |
| Gifts and Donations | <u>88,623,799</u> |
| Total governmental funds capital assets | <u>\$ 111,850,671</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, 2013

| Function and Activity | Land | Buildings and Improvements | Equipment | Construction in Progress | Infrastructure (1) | Totals |
|-----------------------------------|---------------------|----------------------------------|---------------------|-----------------------------|----------------------|-----------------------|
| General government | \$ 832,962 | \$ 3,573,728 | \$ 198,029 | \$ - | \$ - | \$ 4,604,719 |
| Public safety | 79,959 | 6,600,569 | 3,593,836 | - | - | 10,274,364 |
| Library | 105,471 | 1,586,276 | 1,175,881 | 233,028 | - | 3,100,656 |
| Community development | 104,900 | 6,015 | 338,833 | 72,090 | 93,349,094 | 93,870,932 |
| Total governmental capital assets | <u>\$ 1,123,292</u> | <u>\$ 11,766,588</u> | <u>\$ 5,306,579</u> | <u>\$ 305,118</u> | <u>\$ 93,349,094</u> | <u>\$ 111,850,671</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, 2013

| <u>Function and Activity</u> | <u>Beginning Balances</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balances</u> |
|-----------------------------------|-------------------------------|----------------------------|--------------------|------------------------------|
| General government | \$ 4,604,719 | \$ - | \$ - | \$ 4,604,719 |
| Public safety | 9,490,790 | 783,574 | - | 10,274,364 |
| Library | 2,867,628 | 233,028 | - | 3,100,656 |
| Community development | <u>93,385,160</u> | <u>485,772</u> | <u>-</u> | <u>93,870,932</u> |
| Total governmental capital assets | \$ <u><u>110,348,297</u></u> | \$ <u><u>1,502,374</u></u> | \$ <u><u>-</u></u> | \$ <u><u>111,850,671</u></u> |

Other Financial Schedules

- Schedule of Property Tax Transactions and Outstanding Balances
- Schedule of Bond Principal Transactions
- Schedule of Bond Interest Transactions
- Schedule of Future Debt Service Requirements
 - ❖ General Obligation Bonds
 - ❖ Pension Obligation Bonds
 - ❖ Certificates of Participation
 - ❖ Water Notes
 - ❖ Wastewater Notes

City of Newberg, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES

For the Year Ended June 30, 2013

| Levy Year | Taxes Uncollected July 1, 2012 | Levy As Extended By Assessor | Discounts Allowed | Interest Received | Cancellations and Adjustments | Interest and Tax Collected | Taxes Uncollected June 30, 2013 |
|---------------|--------------------------------------|------------------------------------|----------------------|----------------------|-------------------------------------|-------------------------------|---------------------------------------|
| | | | | | | | |
| 2012-13 | \$ - | \$ 7,128,492 | \$ (176,178) | \$ 5,506 | \$ (42,414) | \$ (6,584,598) | \$ 330,808 |
| 2011-12 | 312,804 | - | - | 11,347 | (8,283) | (163,638) | 152,230 |
| 2010-11 | 179,178 | - | - | 15,878 | (2,337) | (97,095) | 95,624 |
| 2009-10 | 92,546 | - | - | 13,217 | 148 | (58,033) | 47,878 |
| 2008-09 | 27,097 | - | - | 5,964 | (509) | (22,119) | 10,433 |
| Prior to 2008 | 40,659 | - | - | 2,964 | (4,672) | (7,816) | 31,135 |
| Totals | \$ 652,284 | \$ 7,128,492 | \$ (176,178) | \$ 54,876 | \$ (58,067) | \$ (6,933,299) | \$ 668,108 |

| Fund | Revenue | | Receivable June 30, 2013 |
|---------------|---------------------|-------------------|-----------------------------|
| | Current Levy | Prior Years | |
| General | \$ 6,192,156 | \$ 326,125 | \$ 625,902 |
| Debt Service | 392,442 | 22,576 | 42,206 |
| Totals | \$ 6,584,598 | \$ 348,701 | \$ 668,108 |

City of Newberg, Oregon

SCHEDULE OF BOND PRINCIPAL TRANSACTIONS

For the Year Ended June 30, 2013

| | Original Issue | | Transactions | | | | Outstanding | | Totals |
|---|----------------|------------|--------------|--------------|--------|------------|-------------|---------------|------------|
| | Rate | Date | Amount | July 1, 2012 | Issued | Matured | Paid | June 30, 2013 | |
| Governmental Activities | | | | | | | | | |
| Long-term bonded debt | | | | | | | | | |
| <u>General Obligation Bonds</u> | | | | | | | | | |
| Police Building 1997A | 3.70-5.50% | 6/1/1997 | \$ 2,950,000 | \$ 850,000 | \$ - | \$ 190,000 | \$ 190,000 | \$ 660,000 | \$ 660,000 |
| Fire Facilities 1998A | 4.00-5.10% | 3/25/1998 | 2,395,000 | 780,000 | - | 140,000 | 140,000 | 640,000 | 640,000 |
| City Hall COPs 1999A | 4.00-5.35% | 11/10/1999 | 3,550,000 | 1,620,000 | - | 165,000 | 165,000 | 1,455,000 | 1,455,000 |
| Subtotal general obligation bonds | | | 8,895,000 | 3,250,000 | - | 495,000 | 495,000 | 2,755,000 | 2,755,000 |
| <u>Limited Tax Bonds</u> | | | | | | | | | |
| Pension Obligation Bonds 2004 | 4.60-6.09% | 5/11/2004 | 2,720,000 | 2,630,000 | - | 45,000 | 45,000 | 2,585,000 | 2,585,000 |
| Total long-term bonded debt-governmental activities | | | 11,615,000 | 5,880,000 | - | 540,000 | 540,000 | 5,340,000 | 5,340,000 |

City of Newberg, Oregon

SCHEDULE OF BOND INTEREST TRANSACTIONS

For the Year Ended June 30, 2013

| | Issue Date | Outstanding July 1, 2012 | | Transactions July 1, 2012 to June 30, 2013 | | | | Outstanding June 30, 2013 | | |
|---|------------|--------------------------|-----------|--|--------|-----------|-----------|---------------------------|-----------|-----------|
| | | Matured | Unmatured | Total | Issued | Matured | Paid | Matured | Unmatured | Totals |
| Governmental Activities | | | | | | | | | | |
| Long-term bonded debt | | | | | | | | | | |
| General Obligation Bonds | | | | | | | | | | |
| Police Building 1997A | 6/1/1997 | \$ - | \$ 97,298 | \$ 97,298 | \$ - | \$ 40,428 | \$ 40,428 | \$ - | \$ 56,870 | \$ 56,870 |
| Fire Facilities 1998A | 3/25/1998 | - | 122,955 | 122,955 | - | 39,570 | 39,570 | - | 83,385 | 83,385 |
| City Hall COPs 1999A | 11/10/1999 | - | 397,348 | 397,348 | - | 86,543 | 86,543 | - | 310,805 | 310,805 |
| Subtotal general obligation bonds | | | 617,601 | 617,601 | - | 166,541 | 166,541 | - | 451,060 | 451,060 |
| Limited Tax Bonds | | | | | | | | | | |
| Pension Obligation Bonds 2004 | 5/11/2004 | - | 1,703,890 | 1,703,890 | - | 158,053 | 158,053 | - | 1,545,837 | 1,545,837 |
| Total long-term bonded debt-governmental activities | | | 2,321,491 | 2,321,491 | - | 324,594 | 324,594 | - | 1,996,897 | 1,996,897 |

City of Newberg, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF
GENERAL OBLIGATION BONDS

June 30, 2013

| Year of Maturity | Total Requirements | | | Series 1997 A | | Series 1998A | |
|---------------------|---------------------|-------------------|---------------------|-------------------|------------------|-------------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Principal | Interest |
| 2013-2014 | \$ 350,000 | \$ 62,780 | \$ 412,780 | \$ 200,000 | \$ 30,140 | \$ 150,000 | \$ 32,640 |
| 2014-2015 | 370,000 | 44,025 | 414,025 | 215,000 | 19,035 | 155,000 | 24,990 |
| 2015-2016 | 390,000 | 24,241 | 414,241 | 225,000 | 7,155 | 165,000 | 17,086 |
| 2016-2017 | 190,000 | 9,209 | 199,209 | 20,000 | 540 | 170,000 | 8,669 |
| | <u>\$ 1,300,000</u> | <u>\$ 140,255</u> | <u>\$ 1,440,255</u> | <u>\$ 660,000</u> | <u>\$ 56,870</u> | <u>\$ 640,000</u> | <u>\$ 83,385</u> |

City of Newberg, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF PENSION OBLIGATION BONDS

June 30, 2013

| Year of Maturity | Pension Obligation Bonds | | |
|---------------------|--------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2013-2014 | \$ 55,000 | \$ 155,646 | \$ 210,646 |
| 2014-2015 | 70,000 | 152,582 | 222,582 |
| 2015-2016 | 80,000 | 148,612 | 228,612 |
| 2016-2017 | 95,000 | 143,994 | 238,994 |
| 2017-2018 | 110,000 | 138,418 | 248,418 |
| 2018-2019 | 130,000 | 131,882 | 261,882 |
| 2019-2020 | 150,000 | 124,062 | 274,062 |
| 2020-2021 | 170,000 | 115,040 | 285,040 |
| 2021-2022 | 190,000 | 104,814 | 294,814 |
| 2022-2023 | 215,000 | 93,386 | 308,386 |
| 2023-2024 | 240,000 | 80,454 | 320,454 |
| 2024-2025 | 270,000 | 65,826 | 335,826 |
| 2025-2026 | 300,000 | 49,370 | 349,370 |
| 2026-2027 | 335,000 | 31,084 | 366,084 |
| 2027-2028 | 175,000 | 10,668 | 185,668 |
| | <u>\$ 2,585,000</u> | <u>\$ 1,545,838</u> | <u>\$ 4,130,838</u> |

City of Newberg, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF CERTIFICATES OF PARTICIPATION

June 30, 2013

| Year of Maturity | Certificates of Participation | | |
|---------------------|-------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2013-2014 | \$ 175,000 | \$ 77,445 | \$ 252,445 |
| 2014-2015 | 185,000 | 67,725 | 252,725 |
| 2015-2016 | 195,000 | 57,465 | 252,465 |
| 2016-2017 | 205,000 | 46,255 | 251,255 |
| 2017-2018 | 220,000 | 33,930 | 253,930 |
| 2018-2019 | 230,000 | 20,880 | 250,880 |
| 2019-2020 | 245,000 | 7,105 | 252,105 |
| | <u>\$ 1,455,000</u> | <u>\$ 310,805</u> | <u>\$ 1,765,805</u> |

City of Newberg, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF
WATER FUND NOTES

June 30, 2013

| Year of Maturity | Total Requirements | | | Fernwood Rd. Improvements Business Oregon B98006 | | Water Reservoir Business Oregon K02006 | |
|---------------------|----------------------|---------------------|----------------------|---|------------------|---|-------------------|
| | Principal | Interest | Total | Principal | Interest | Principal | Interest |
| | 2013-2014 | \$ 734,452 | \$ 522,955 | \$ 1,257,407 | \$ 21,224 | \$ 5,971 | \$ 229,018 |
| 2014-2015 | 758,886 | 494,047 | 1,252,933 | 23,156 | 4,930 | 235,540 | 114,335 |
| 2015-2016 | 791,887 | 463,484 | 1,255,371 | 23,347 | 3,796 | 247,161 | 104,913 |
| 2016-2017 | 828,267 | 431,328 | 1,259,595 | 25,302 | 2,629 | 258,890 | 94,780 |
| 2017-2018 | 863,568 | 397,297 | 1,260,865 | 27,268 | 1,363 | 270,755 | 83,777 |
| 2018-2019 | 869,921 | 361,465 | 1,231,386 | - | - | 282,757 | 71,931 |
| 2019-2020 | 910,261 | 324,993 | 1,235,254 | - | - | 294,906 | 59,207 |
| 2020-2021 | 946,068 | 285,633 | 1,231,701 | - | - | 307,202 | 45,642 |
| 2021-2022 | 987,182 | 244,591 | 1,231,773 | - | - | 319,655 | 31,203 |
| 2022-2023 | 1,033,887 | 200,140 | 1,234,027 | - | - | 337,251 | 16,019 |
| 2023-2024 | 727,335 | 153,577 | 880,912 | - | - | - | - |
| 2024-2025 | 756,711 | 122,696 | 879,407 | - | - | - | - |
| 2025-2026 | 788,001 | 88,736 | 876,737 | - | - | - | - |
| 2026-2027 | 825,987 | 53,010 | 878,997 | - | - | - | - |
| 2027-2028 | 159,509 | 15,926 | - | - | - | - | - |
| 2028-2029 | 167,237 | 7,553 | - | - | - | - | - |
| | <u>\$ 12,149,159</u> | <u>\$ 4,167,430</u> | <u>\$ 16,316,589</u> | <u>\$ 120,297</u> | <u>\$ 18,689</u> | <u>\$ 2,783,135</u> | <u>\$ 745,074</u> |

| Water Treatment Plant Expansion Business Oregon K05007 | | Parallel River Line Business Oregon B06001 | | Effluent Reuse Business Oregon B07007 | |
|---|---------------------|---|-------------------|--|-------------------|
| Principal | Interest | Principal | Interest | Principal | Interest |
| \$ 283,438 | \$ 219,126 | \$ 114,197 | \$ 86,960 | \$ 86,575 | \$ 87,631 |
| 295,375 | 207,789 | 114,964 | 82,392 | 89,851 | 84,601 |
| 307,390 | 195,974 | 120,763 | 77,794 | 93,226 | 81,007 |
| 319,486 | 183,678 | 126,593 | 72,963 | 97,996 | 77,278 |
| 331,665 | 170,899 | 132,457 | 67,900 | 101,423 | 73,358 |
| 343,932 | 157,632 | 138,355 | 62,601 | 104,877 | 69,301 |
| 361,289 | 143,875 | 144,290 | 57,067 | 109,776 | 64,844 |
| 373,817 | 128,972 | 150,292 | 51,115 | 114,757 | 59,904 |
| 391,497 | 113,271 | 156,354 | 44,803 | 119,676 | 55,314 |
| 409,324 | 96,633 | 162,474 | 38,158 | 124,838 | 49,330 |
| 427,270 | 79,236 | 168,642 | 31,253 | 131,423 | 43,088 |
| 445,378 | 60,864 | 174,873 | 24,001 | 136,460 | 37,831 |
| 463,675 | 41,378 | 181,180 | 16,350 | 143,146 | 31,008 |
| 482,117 | 21,093 | 192,544 | 8,424 | 151,326 | 23,493 |
| - | - | - | - | 159,509 | 15,926 |
| - | - | - | - | 167,237 | 7,553 |
| <u>\$ 5,235,653</u> | <u>\$ 1,820,420</u> | <u>\$ 2,077,978</u> | <u>\$ 721,781</u> | <u>\$ 1,932,096</u> | <u>\$ 861,466</u> |

City of Newberg, Oregon

SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS OF
WASTEWATER FUND NOTES

June 30, 2013

| Year of Maturity | Total Requirements | | | Fernwood Rd. Improvements Business Oregon B98006 | | Composter Improvements Business Oregon G04002 | |
|---------------------|---------------------|---------------------|----------------------|---|------------------|--|-------------------|
| | Principal | Interest | Total | Principal | Interest | Principal | Interest |
| 2013-2014 | \$ 660,342 | \$ 345,210 | \$ 1,005,552 | \$ 39,415 | \$ 11,088 | \$ 198,536 | \$ 53,296 |
| 2014-2015 | 678,887 | 319,601 | 998,488 | 43,004 | 9,157 | 204,810 | 45,752 |
| 2015-2016 | 694,578 | 291,672 | 986,250 | 43,360 | 7,050 | 211,203 | 37,559 |
| 2016-2017 | 722,296 | 263,069 | 985,365 | 46,990 | 4,882 | 222,651 | 29,111 |
| 2017-2018 | 741,569 | 233,098 | 974,667 | 50,641 | 2,532 | 229,194 | 19,982 |
| 2018-2019 | 711,726 | 202,085 | 913,811 | - | - | 240,840 | 10,356 |
| 2019-2020 | 290,867 | 171,812 | 462,679 | - | - | - | - |
| 2020-2021 | 304,065 | 158,723 | 462,788 | - | - | - | - |
| 2021-2022 | 317,099 | 146,561 | 463,660 | - | - | - | - |
| 2022-2023 | 330,776 | 130,706 | 461,482 | - | - | - | - |
| 2023-2024 | 348,222 | 114,167 | 462,389 | - | - | - | - |
| 2024-2025 | 361,570 | 100,238 | 461,808 | - | - | - | - |
| 2025-2026 | 379,286 | 82,160 | 461,446 | - | - | - | - |
| 2026-2027 | 400,958 | 62,247 | 463,205 | - | - | - | - |
| 2027-2028 | 422,640 | 42,199 | - | - | - | - | - |
| 2028-2029 | 445,273 | 20,011 | - | - | - | - | - |
| | <u>\$ 7,810,154</u> | <u>\$ 2,683,560</u> | <u>\$ 10,493,714</u> | <u>\$ 223,410</u> | <u>\$ 34,709</u> | <u>\$ 1,307,234</u> | <u>\$ 196,056</u> |

| Effluent Reuse Business Oregon B07007 | | WTP Land Expansion US Bank Note | |
|--|---------------------|------------------------------------|-------------------|
| Principal | Interest | Principal | Interest |
| \$ 229,391 | \$ 232,190 | \$ 193,000 | \$ 48,636 |
| 238,073 | 224,162 | 193,000 | 40,530 |
| 247,015 | 214,639 | 193,000 | 32,424 |
| 259,655 | 204,758 | 193,000 | 24,318 |
| 268,734 | 194,372 | 193,000 | 16,212 |
| 277,886 | 183,623 | 193,000 | 8,106 |
| 290,867 | 171,812 | - | - |
| 304,065 | 158,723 | - | - |
| 317,099 | 146,561 | - | - |
| 330,776 | 130,706 | - | - |
| 348,222 | 114,167 | - | - |
| 361,570 | 100,238 | - | - |
| 379,286 | 82,160 | - | - |
| 400,958 | 62,247 | - | - |
| 422,640 | 42,199 | - | - |
| 445,273 | 20,011 | - | - |
| <u>\$ 5,121,510</u> | <u>\$ 2,282,569</u> | <u>\$ 1,158,000</u> | <u>\$ 170,226</u> |

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Newberg's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

| Contents | Page |
|--|-------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how financial performance has changed over time. | 130 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes. | 140 |
| 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. | 144 |
| 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. | 150 |
| 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. | 152 |

City of Newberg, Oregon

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(Accrual basis of accounting)

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 57,961,278 | \$ 62,507,506 | \$ 64,371,510 | \$ 67,672,350 | \$ 72,603,995 |
| Restricted | 3,278,182 | 5,367,408 | 4,436,608 | 4,233,576 | 2,006,127 |
| Unrestricted | <u>5,689,512</u> | <u>5,036,514</u> | <u>7,272,026</u> | <u>7,266,261</u> | <u>7,857,930</u> |
| Total governmental activities net position | <u>66,928,972</u> | <u>72,911,428</u> | <u>76,080,144</u> | <u>79,172,187</u> | <u>82,468,052</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | 36,460,330 | 41,745,450 | 43,656,374 | 45,105,607 | 47,357,341 |
| Restricted | 2,300,432 | 4,062,704 | 5,492,742 | 4,591,073 | 4,650,163 |
| Unrestricted | <u>5,567,312</u> | <u>4,447,591</u> | <u>5,312,642</u> | <u>7,260,797</u> | <u>7,359,300</u> |
| Total business-type activities net of related debt | <u>44,328,074</u> | <u>50,255,745</u> | <u>54,461,758</u> | <u>56,957,477</u> | <u>59,366,804</u> |
| Total government | | | | | |
| Net investment in capital assets | 94,421,608 | 104,252,956 | 108,027,884 | 112,777,957 | 119,961,336 |
| Restricted | 5,578,614 | 9,430,112 | 9,929,350 | 8,824,649 | 6,656,290 |
| Unrestricted | <u>11,256,824</u> | <u>9,484,105</u> | <u>12,584,668</u> | <u>14,527,058</u> | <u>15,217,230</u> |
| Total government net position | <u>\$ 111,257,046</u> | <u>\$ 123,167,173</u> | <u>\$ 130,541,902</u> | <u>\$ 136,129,664</u> | <u>\$ 141,834,856</u> |

| Fiscal Year | | | | |
|----------------|----------------|----------------|----------------|----------------|
| 2009 | 2010 | 2011 | 2012 | 2013 |
| \$ 72,529,510 | \$ 71,760,718 | \$ 71,853,007 | \$ 72,772,287 | \$ 72,713,803 |
| 2,470,899 | 2,346,040 | 4,552,371 | 4,027,009 | 4,031,753 |
| 7,035,935 | 6,110,359 | 4,089,120 | 4,119,630 | 4,556,067 |
| 82,036,344 | 80,217,117 | 80,494,498 | 80,918,926 | 81,301,623 |
| 46,588,143 | 46,663,993 | 46,835,580 | 46,213,627 | 45,140,069 |
| 4,432,518 | 3,680,309 | 2,989,978 | 2,281,995 | 2,614,036 |
| 8,955,775 | 8,735,201 | 9,836,775 | 13,214,045 | 16,978,006 |
| 59,976,436 | 59,079,503 | 59,662,333 | 61,709,667 | 64,732,111 |
| 119,117,653 | 118,424,711 | 118,688,587 | 118,985,914 | 117,853,872 |
| 6,903,417 | 6,026,349 | 7,542,349 | 6,309,004 | 6,645,789 |
| 15,991,710 | 14,845,560 | 13,925,895 | 17,333,675 | 21,534,073 |
| \$ 142,012,780 | \$ 139,296,620 | \$ 140,156,831 | \$ 142,628,593 | \$ 146,033,734 |

City of Newberg, Oregon

CHANGES IN NET POSITION

Last Ten Fiscal Years
(Accrual basis of accounting)

| Expenses | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 |
| Governmental activities: | | | | |
| General government | \$ 236,381 | \$ 495,391 | \$ 320,034 | \$ 303,579 |
| Public safety | 5,243,806 | 5,983,498 | 6,691,313 | 7,346,785 |
| Library | 888,410 | 905,540 | 968,909 | 1,015,473 |
| Community development | 2,856,854 | 3,208,718 | 3,601,767 | 3,861,815 |
| Interest on long-term debt | 389,058 | 507,275 | 491,884 | 475,087 |
| Total governmental activities expenses | <u>9,614,509</u> | <u>11,100,422</u> | <u>12,073,907</u> | <u>13,002,739</u> |
| Business-type activities: | | | | |
| Water | 2,596,790 | 2,750,422 | 3,022,835 | 3,289,427 |
| Wastewater | 3,111,868 | 3,332,035 | 3,770,677 | 4,126,276 |
| Stormwater | 407,727 | 489,765 | 647,816 | 619,231 |
| EMS | 891,721 | 910,642 | 1,013,918 | 1,110,099 |
| Total business-type activities expenses | <u>7,008,106</u> | <u>7,482,864</u> | <u>8,455,246</u> | <u>9,145,033</u> |
| Total government expenses | <u>\$ 16,622,615</u> | <u>\$ 18,583,286</u> | <u>\$ 20,529,153</u> | <u>\$ 22,147,772</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 196,013 | 249,321 | 331,698 | 188,191 |
| Public safety | 873,944 | 964,322 | 1,253,382 | 1,540,530 |
| Library | 70,383 | 74,742 | 84,773 | 87,283 |
| Community development | 2,474,114 | 2,517,038 | 2,808,623 | 1,549,290 |
| Operating grants and contributions | 941,905 | 1,469,706 | 1,038,865 | 1,069,777 |
| Capital grants and contributions | 3,542,573 | 5,505,479 | 2,399,887 | 3,328,977 |
| Total governmental activities program revenues | <u>8,098,932</u> | <u>10,780,608</u> | <u>7,917,228</u> | <u>7,764,048</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 2,560,454 | 2,861,760 | 3,404,298 | 3,792,456 |
| Wastewater | 2,896,771 | 3,171,087 | 3,319,878 | 3,435,153 |
| Stormwater | 206,645 | 371,927 | 451,004 | 490,768 |
| EMS | 770,910 | 916,251 | 955,266 | 995,493 |
| Operating grants and contributions | 30,000 | 25,000 | 30,000 | 50,000 |
| Capital grants and contributions | 3,242,788 | 5,806,412 | 4,384,180 | 2,658,204 |
| Total business-type activities program revenues | <u>9,707,568</u> | <u>13,152,437</u> | <u>12,544,626</u> | <u>11,422,074</u> |
| Total government program revenues | <u>\$ 17,806,500</u> | <u>\$ 23,933,045</u> | <u>\$ 20,461,854</u> | <u>\$ 19,186,122</u> |

Continued on page 133

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| \$ 1,077,399 | \$ 331,085 | \$ 361,813 | \$ 417,234 | \$ 411,536 | \$ 436,083 |
| 7,977,491 | 8,710,044 | 9,086,595 | 9,683,875 | 9,871,835 | 10,152,102 |
| 1,154,371 | 1,205,124 | 1,183,292 | 1,186,342 | 1,183,478 | 1,174,400 |
| 3,934,145 | 4,529,013 | 4,085,772 | 3,608,329 | 3,324,353 | 3,297,494 |
| 460,474 | 430,164 | 404,098 | 378,151 | 353,888 | 341,909 |
| <u>14,603,880</u> | <u>15,205,430</u> | <u>15,121,570</u> | <u>15,273,931</u> | <u>15,145,090</u> | <u>15,401,988</u> |
| 4,013,132 | 4,744,738 | 4,739,890 | 4,707,573 | 4,742,088 | 4,329,778 |
| 3,906,244 | 4,388,208 | 5,682,979 | 5,294,525 | 5,150,703 | 5,269,139 |
| 704,911 | 865,427 | 952,843 | 912,775 | 896,620 | 1,100,967 |
| 1,170,262 | 1,254,774 | 1,270,558 | 1,359,094 | 1,345,821 | 1,381,016 |
| <u>9,794,549</u> | <u>11,253,147</u> | <u>12,646,270</u> | <u>12,273,967</u> | <u>12,135,232</u> | <u>12,080,900</u> |
| <u>\$ 24,398,429</u> | <u>\$ 26,458,577</u> | <u>\$ 27,767,840</u> | <u>\$ 27,547,898</u> | <u>\$ 27,280,322</u> | <u>\$ 27,482,888</u> |
| 186,422 | 203,234 | 197,832 | 203,527 | 184,110 | 204,820 |
| 1,697,790 | 1,635,102 | 1,885,978 | 1,927,700 | 1,880,349 | 1,858,515 |
| 97,830 | 109,555 | 110,247 | 121,091 | 104,548 | 109,537 |
| 2,441,559 | 1,353,248 | 891,764 | 909,194 | 1,258,592 | 1,334,617 |
| 1,742,376 | 1,015,120 | 1,025,250 | 1,225,730 | 1,247,155 | 1,258,935 |
| 2,940,904 | 1,596,081 | 92,765 | 1,515,682 | 778,224 | 777,117 |
| <u>9,106,881</u> | <u>5,912,340</u> | <u>4,203,836</u> | <u>5,902,924</u> | <u>5,452,978</u> | <u>5,543,541</u> |
| 3,696,357 | 4,041,065 | 3,981,095 | 4,271,320 | 4,628,754 | 4,744,342 |
| 3,568,052 | 4,018,207 | 4,784,182 | 5,718,881 | 6,541,498 | 6,590,995 |
| 536,637 | 527,617 | 575,295 | 673,550 | 776,785 | 866,371 |
| 1,161,655 | 1,233,055 | 1,155,323 | 1,211,671 | 1,291,679 | 1,447,325 |
| - | - | - | - | - | - |
| 3,060,479 | 1,732,206 | 1,031,100 | 920,964 | 761,804 | 1,336,257 |
| <u>12,023,180</u> | <u>11,552,150</u> | <u>11,526,995</u> | <u>12,796,386</u> | <u>14,000,520</u> | <u>14,985,290</u> |
| <u>\$ 21,130,061</u> | <u>\$ 17,464,490</u> | <u>\$ 15,730,831</u> | <u>\$ 18,699,310</u> | <u>\$ 19,453,498</u> | <u>\$ 20,528,831</u> |

Continued on pages 134 and 135

City of Newberg, Oregon

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(Accrual basis of accounting)

| | Fiscal Year | | | |
|--|---------------------|----------------------|---------------------|-----------------------|
| | 2004 | 2005 | 2006 | 2007 |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (1,515,577) | \$ (319,814) | \$ (4,156,679) | \$ (5,238,691) |
| Business-type activities | 2,699,462 | 5,669,573 | 4,089,380 | 2,277,041 |
| Total government net (expense)/revenue | <u>\$ 1,183,885</u> | <u>\$ 5,349,759</u> | <u>\$ (67,299)</u> | <u>\$ (2,961,650)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities | | | | |
| Taxes | | | | |
| Property taxes | \$ 4,104,400 | \$ 4,384,943 | \$ 4,516,410 | \$ 5,235,416 |
| Franchise and public service taxes | 1,673,012 | 1,766,651 | 1,900,102 | 1,999,652 |
| Interest and investment earnings | 147,157 | 214,035 | 517,511 | 641,392 |
| Other revenues | 43,998 | 24,341 | 93,872 | 123,702 |
| Transfers | 36,325 | (87,700) | 297,500 | 330,572 |
| Total governmental activities | <u>6,004,892</u> | <u>6,302,270</u> | <u>7,325,395</u> | <u>8,330,734</u> |
| Business-type activities: | | | | |
| Interest and investment earnings | 101,296 | 161,294 | 391,060 | 547,749 |
| Other revenues | 16,909 | 9,104 | 23,073 | 1,501 |
| Transfers | (36,325) | 87,700 | (297,500) | (330,572) |
| Total business-type activities | <u>81,880</u> | <u>258,098</u> | <u>116,633</u> | <u>218,678</u> |
| Total primary government | <u>\$ 6,086,772</u> | <u>\$ 6,560,368</u> | <u>\$ 7,442,028</u> | <u>\$ 8,549,412</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 4,489,315 | \$ 5,982,456 | \$ 3,168,716 | \$ 3,092,043 |
| Business-type activities | <u>2,781,342</u> | <u>5,927,671</u> | <u>4,206,013</u> | <u>2,495,719</u> |
| Total primary government | <u>\$ 7,270,657</u> | <u>\$ 11,910,127</u> | <u>\$ 7,374,729</u> | <u>\$ 5,587,762</u> |

Continued on page 135

| Fiscal Year | | | | | |
|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| \$ (5,496,999) | \$ (9,293,090) | \$ (10,917,734) | \$ (9,371,007) | \$ (9,692,112) | \$ (9,858,447) |
| 2,228,631 | 299,003 | (1,119,275) | 522,419 | 1,865,288 | 2,904,390 |
| <u>\$ (3,268,368)</u> | <u>\$ (8,994,087)</u> | <u>\$ (12,037,009)</u> | <u>\$ (8,848,588)</u> | <u>\$ (7,826,824)</u> | <u>\$ (6,954,057)</u> |
| | | | | | |
| \$ 5,569,777 | \$ 5,868,949 | \$ 5,868,949 | \$ 6,671,777 | \$ 6,855,630 | \$ 6,949,123 |
| 2,252,953 | 2,691,385 | 2,691,385 | 2,889,224 | 3,119,051 | 3,235,471 |
| 545,879 | 225,064 | 225,064 | 45,373 | 45,339 | 53,407 |
| 61,455 | 65,961 | 65,961 | 38,653 | 175,632 | 45,486 |
| 362,800 | 10,023 | 10,023 | 3,361 | (79,112) | (21,078) |
| <u>8,792,864</u> | <u>8,861,382</u> | <u>8,861,382</u> | <u>9,648,388</u> | <u>10,116,540</u> | <u>10,262,409</u> |
| | | | | | |
| 541,546 | 307,681 | 307,681 | 58,772 | 67,729 | 92,954 |
| 1,950 | 12,971 | 12,971 | 5,000 | 35,205 | 4,022 |
| (362,800) | (10,023) | (10,023) | (3,361) | 79,112 | 21,078 |
| <u>180,696</u> | <u>310,629</u> | <u>310,629</u> | <u>60,411</u> | <u>182,046</u> | <u>118,054</u> |
| | | | | | |
| <u>\$ 8,973,560</u> | <u>\$ 9,172,011</u> | <u>\$ 9,172,011</u> | <u>\$ 9,708,799</u> | <u>\$ 10,298,586</u> | <u>\$ 10,380,463</u> |
| | | | | | |
| \$ 3,295,865 | \$ (431,708) | \$ (2,056,352) | \$ 277,381 | \$ 424,428 | \$ 403,962 |
| 2,409,327 | 609,632 | (808,646) | 582,830 | 2,047,334 | 3,022,444 |
| <u>\$ 5,705,192</u> | <u>\$ 177,924</u> | <u>\$ (2,864,998)</u> | <u>\$ 860,211</u> | <u>\$ 2,471,762</u> | <u>\$ 3,426,406</u> |

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City of Newberg, Oregon

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 3,063,862 | 2,209,318 | 2,159,044 | 2,492,834 | 3,516,106 | 3,137,138 | 2,778,800 | - | - | - |
| Unassigned | - | - | - | - | - | - | - | 2,503,809 | 2,674,367 | 2,835,743 |
| Total General Fund | <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> | <u>\$ 2,503,809</u> | <u>\$ 2,674,367</u> | <u>\$ 2,835,743</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 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 | 1,032,655 | 1,326,457 | 3,906,130 | 3,416,907 | 3,746,653 | 3,137,138 | 2,839,521 | - | - | - |
| Capital project funds | 117,088 | 235,792 | 248,122 | 250,082 | 328,932 | 3,218,015 | 416,968 | - | - | - |
| Debt service funds | 8,144 | 12,659 | 148,656 | - | - | 447,201 | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | 49,468 | 61,362 | 57,729 |
| Restricted | - | - | - | - | - | - | - | 4,453,982 | 3,932,838 | 4,258,474 |
| Committed | - | - | - | - | - | - | - | 762,978 | 687,274 | 684,930 |
| Assigned | - | - | - | - | - | - | - | 806,601 | 766,877 | 717,296 |
| Total all other governmental funds | <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>\$ 5,625,416</u> | <u>\$ 6,073,029</u> | <u>\$ 5,448,351</u> | <u>\$ 5,718,429</u> |

This schedule was modified with the implementation of GASB 54, effective Fiscal Year 2011.

City of Newberg, Oregon

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified accrual basis of accounting)

| Revenues | Fiscal Year | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2004 | 2005 | 2006 | 2007 |
| Property taxes | \$ 4,162,315 | \$ 4,386,644 | \$ 4,530,453 | \$ 5,237,046 |
| Other taxes | 971,698 | 1,054,916 | 1,120,475 | 1,350,421 |
| Licenses and permits | 1,852,969 | 1,573,172 | 1,802,159 | 1,054,402 |
| Fees | 370,947 | 344,080 | 393,895 | 259,447 |
| Intergovernmental | 1,950,184 | 2,406,824 | 2,379,554 | 2,342,905 |
| Charges for services | 697,637 | 1,036,063 | 1,100,668 | 627,204 |
| Fines and forfeitures | 372,526 | 429,456 | 402,267 | 673,757 |
| Facilities charge | 198,898 | 199,333 | 141,515 | 143,939 |
| Pension bond charge | - | 183,752 | 226,308 | 80,803 |
| Assessments | 181,643 | 195,946 | 435,669 | 96,759 |
| Donations | 47,810 | 97,386 | 51,313 | 88,919 |
| Interest | 79,189 | 150,885 | 433,987 | 559,287 |
| Miscellaneous | 40,585 | 62,110 | 80,693 | 88,503 |
| Total revenues | <u>10,926,401</u> | <u>12,120,567</u> | <u>13,098,956</u> | <u>12,603,392</u> |
| Expenditures | | | | |
| General Government | 151,075 | 224,322 | 320,521 | 240,424 |
| Public safety | 5,158,063 | 5,756,913 | 6,548,761 | 7,381,582 |
| Library | 851,581 | 858,670 | 931,122 | 986,596 |
| Community development | 1,905,235 | 2,112,567 | 2,313,711 | 2,739,887 |
| Capital outlay | 300,421 | 463,487 | 788,425 | 1,148,026 |
| Debt service: | | | | |
| Principal | 543,000 | 430,000 | 350,000 | 370,000 |
| Interest | 374,552 | 501,529 | 470,057 | 460,861 |
| Total expenditures | <u>9,283,927</u> | <u>10,347,488</u> | <u>11,722,597</u> | <u>13,327,376</u> |
| Excess of revenues over expenditures | <u>\$ 1,642,474</u> | <u>\$ 1,773,079</u> | <u>\$ 1,376,359</u> | <u>\$ (723,984)</u> |
| Other Financing Sources (Uses) | | | | |
| Lease Proceeds | - | - | - | - |
| Proceeds from sale of assets | 924 | 6,116 | 9,973 | 23,818 |
| Transfers in | 267,988 | 1,262,602 | 1,286,990 | 1,634,755 |
| Transfers out | (251,663) | (1,390,302) | (929,290) | (1,353,954) |
| Total other financing sources (uses) | <u>17,249</u> | <u>(121,584)</u> | <u>367,673</u> | <u>304,619</u> |
| Net Change in Fund Balances | <u>\$ 1,659,723</u> | <u>\$ 1,651,495</u> | <u>\$ 1,744,032</u> | <u>\$ (419,365)</u> |
| Debt service as a percentage of noncapital expenditures | 10.22% | 9.30% | 7.45% | 6.86% |

| Fiscal Year | | | | | |
|-----------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| \$ 5,489,184 | \$ 5,771,564 | \$ 6,116,052 | \$ 6,629,781 | \$ 6,814,277 | \$ 6,933,299 |
| 1,437,566 | 1,540,473 | 1,785,188 | 1,735,291 | 1,844,391 | 1,869,556 |
| 1,775,174 | 1,035,880 | 438,833 | 376,568 | 843,466 | 916,400 |
| 327,104 | 262,592 | 448,378 | 475,736 | 514,986 | 517,118 |
| 3,312,751 | 3,710,471 | 2,889,274 | 3,209,095 | 3,982,000 | 3,810,606 |
| 956,724 | 515,779 | 507,505 | 637,049 | 533,780 | 572,701 |
| 795,005 | 718,032 | 702,616 | 685,684 | 623,455 | 614,150 |
| 112,274 | 111,584 | 112,910 | 119,546 | 120,498 | 118,936 |
| 87,555 | 172,510 | 182,172 | 186,189 | 194,890 | 203,052 |
| 424,330 | 95,898 | 66,251 | 131,627 | 5,439 | 8,905 |
| 87,988 | 167,242 | 67,347 | 529,588 | 53,530 | 325,352 |
| 442,582 | 177,690 | 47,415 | 31,170 | 32,300 | 40,357 |
| 82,493 | 24,702 | 26,686 | 7,899 | 23,419 | 23,532 |
| <u>15,330,730</u> | <u>14,304,417</u> | <u>13,390,627</u> | <u>14,755,223</u> | <u>15,586,431</u> | <u>15,953,964</u> |
| 175,606 | 258,720 | 269,939 | 323,249 | 330,951 | 338,828 |
| 7,551,074 | 8,626,587 | 9,102,481 | 9,494,385 | 9,494,447 | 9,133,580 |
| 1,102,814 | 1,160,795 | 1,128,967 | 1,136,938 | 1,268,749 | 1,357,655 |
| 2,819,165 | 3,006,150 | 2,532,012 | 2,267,846 | 1,868,672 | 1,930,845 |
| 4,133,679 | 405,319 | 467,193 | 512,627 | 2,543,631 | 2,456,050 |
| 380,000 | 810,000 | 445,000 | 475,000 | 510,000 | 540,000 |
| 451,141 | 424,862 | 398,504 | 375,917 | 351,313 | 324,593 |
| <u>16,613,479</u> | <u>14,692,433</u> | <u>14,344,096</u> | <u>14,585,962</u> | <u>16,367,763</u> | <u>16,081,551</u> |
| <u>\$ (1,282,749)</u> | <u>\$ (388,016)</u> | <u>\$ (953,469)</u> | <u>\$ 169,261</u> | <u>\$ (781,332)</u> | <u>\$ (127,587)</u> |
| - | - | - | - | - | 619,407 |
| 5,810 | 11,929 | - | - | - | 712 |
| 4,066,158 | 474,013 | 592,145 | 456,409 | 1,339,655 | 242,567 |
| (3,642,301) | (463,990) | (547,784) | (453,048) | (1,012,443) | (303,645) |
| <u>429,667</u> | <u>21,952</u> | <u>44,361</u> | <u>3,361</u> | <u>327,212</u> | <u>559,041</u> |
| <u>\$ (853,082)</u> | <u>\$ (366,064)</u> | <u>\$ (909,108)</u> | <u>\$ 172,622</u> | <u>\$ (454,120)</u> | <u>\$ 431,454</u> |
| 6.36% | 8.60% | 6.21% | 6.62% | 6.04% | 5.69% |

City of Newberg, Oregon

MARKET AND ASSESSED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

| Fiscal Year | Real Property | Personal Property | Public Utilities | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Real Market Value (RMV) | Assessed Value as a Percentage of RMV |
|----------------|------------------|----------------------|---------------------|------------------------------------|-----------------------------|---|--|
| 2004 | \$ 794,170,149 | \$ 40,315,950 | \$ 22,691,556 | \$ 857,177,655 | 4.9275 | \$ 1,130,722,325 | 75.81% |
| 2005 | 846,515,219 | 37,540,653 | 24,455,106 | 908,510,978 | 4.8972 | 1,247,583,520 | 72.82% |
| 2006 | 920,465,194 | 42,687,041 | 25,372,805 | 988,525,040 | 4.8607 | 1,449,389,659 | 68.20% |
| 2007 | 1,040,201,584 | 40,254,456 | 30,410,000 | 1,110,866,040 | 4.8179 | 1,905,225,704 | 58.31% |
| 2008 | 1,117,158,593 | 41,657,712 | 34,353,800 | 1,193,170,105 | 4.7766 | 2,268,613,601 | 52.59% |
| 2009 | 1,196,243,394 | 44,117,744 | 31,560,500 | 1,271,921,638 | 4.6971 | 2,239,316,374 | 56.80% |
| 2010 | 1,270,463,103 | 45,435,953 | 48,310,950 | 1,364,210,006 | 4.6942 | 2,187,831,882 | 62.35% |
| 2011 | 1,345,572,085 | 47,136,128 | 49,215,300 | 1,441,923,513 | 4.6947 | 2,193,902,961 | 65.72% |
| 2012 | 1,339,662,755 | 43,510,458 | 58,750,300 | 1,479,778,703 | 4.6699 | 1,956,379,200 | 75.64% |
| 2013 | 1,434,318,187 | 43,595,375 | 51,552,400 | 1,529,465,962 | 4.6605 | 1,912,302,698 | 79.98% |

Information from the Yamhill County Assessment and Taxation Department

City of Newberg, Oregon

PROPERTY TAX RATES (1) - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Overlapping Rates | | | | | | | | | | Total Direct & Overlapping Rates |
|-----------------------------------|-------------------|-----------|-----------|-----------|---------------|-----------|-----------------|-----------|--------------------|-----------|---|
| | City of Newberg | | County | | Park District | | School District | | Other Districts | | |
| | Operating | Debt | Operating | Total | Operating | Total | Operating | Debt | Operating | Total | |
| 2004 | \$ 4.3827 | \$ 0.5448 | \$ 2.5714 | \$ 4.9275 | \$ 0.9076 | \$ 4.6616 | \$ 8.8166 | \$ 4.1550 | \$ 0.8888 | \$ 8.8166 | \$ 18.1119 |
| 2005 | 4.3827 | 0.5145 | 2.5745 | 4.8972 | 0.9076 | 4.6616 | 8.2115 | 3.5499 | 0.8869 | 8.2115 | 17.4777 |
| 2006 | 4.3827 | 0.4780 | 2.5751 | 4.8607 | 0.9076 | 4.6616 | 8.1686 | 3.5070 | 0.8720 | 8.1686 | 17.3840 |
| 2007 | 4.3827 | 0.4352 | 2.5775 | 4.8179 | 0.9076 | 4.6616 | 8.2739 | 3.6123 | 0.8659 | 8.2739 | 17.4428 |
| 2008 | 4.3827 | 0.3939 | 2.5775 | 4.7766 | 0.9076 | 4.6616 | 8.5454 | 3.8838 | 0.8821 | 8.5454 | 17.6892 |
| 2009 | 4.3827 | 0.3144 | 2.5775 | 4.6971 | 0.9076 | 4.6616 | 8.3016 | 3.6400 | 0.8801 | 8.3016 | 17.3639 |
| 2010 | 4.3827 | 0.3115 | 2.5775 | 4.6942 | 0.9076 | 4.6616 | 8.2403 | 3.5787 | 1.0095 | 8.2403 | 17.4291 |
| 2011 | 4.3827 | 0.3120 | 2.5775 | 4.6947 | 0.9076 | 4.6616 | 8.3290 | 3.6674 | 1.0129 | 8.3290 | 17.5217 |
| 2012 | 4.3827 | 0.2872 | 2.5775 | 4.6699 | 0.9076 | 4.6616 | 7.4553 | 2.7937 | 0.9751 | 7.4553 | 16.5854 |
| 2013 | 4.3827 | 0.2778 | 2.5775 | 4.6605 | 0.9076 | 4.6616 | 7.4400 | 2.7784 | 1.0421 | 7.4400 | 16.6277 |

(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

| Taxpayer | Type of Business | Taxable Assessed Valuation | % of City Taxable Assessed Valuation (a) |
|-------------------------------|------------------------------|----------------------------|--|
| Springbrook Properties | Land Development/Hospitality | \$ 30,551,834 | 2.00% |
| Portland General Electric Co. | Electric Utility | 25,218,000 | 1.65% |
| Allison Inn & Spa LLC | Hotel/Hospitality Services | 23,002,493 | 1.50% |
| Joan D. Austin | Land Development | 22,222,306 | 1.45% |
| George K JR & Joan Austin | Land Development | 15,737,460 | 1.03% |
| Werth Family LLC | Real Estate | 13,471,179 | 0.88% |
| Fred Meyer | Retail, Mixed | 12,500,208 | 0.82% |
| Friendsview Manor | Retirement Community | 9,996,277 | 0.65% |
| Comcast Corporation | Telecommunications Utility | 9,881,300 | 0.65% |
| Adec, Inc. | Dental Equipment | 9,843,230 | 0.64% |
| TOTAL | | <u>\$ 172,424,287</u> | <u>11.27%</u> |

| Taxpayer | Type of Business | Taxable Assessed Valuation | % of City Taxable Assessed Valuation (b) |
|-------------------------------|---------------------------|----------------------------|--|
| George & Joan D. Austin | Land Development | 33,363,600 | 3.89% |
| Adec, Inc. | Dental Equipment | 11,485,440 | 1.34% |
| Portland General Electric Co. | Electric Utility | 11,263,000 | 1.31% |
| Fred Meyer | Retail, Mixed | 8,878,541 | 1.04% |
| Moll Plasticrafters | Injection Molding | 7,912,404 | 0.92% |
| Ushio Oregon, Inc | Halogen lamps for copiers | 7,036,171 | 0.82% |
| Astor House | Retirement Community | 6,282,622 | 0.73% |
| Verizon Northwest, Inc | Telephone Utility | 5,682,897 | 0.66% |
| Raymond P. Bailey | Land Development | 5,652,585 | 0.66% |
| Buckhorn Trading | Electronics | 5,447,352 | 0.64% |
| TOTAL | | <u>\$ 103,004,612</u> | <u>12.02%</u> |

(a) City of Newberg's 2012-13 assessed valuation was \$1,529,465,962

(b) City of Newberg's 2003-04 assessed/market valuation was \$857,177,655

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 | Amount | Percentage of Levy |
|-----------------------------------|-------------------|--|-----------------------|-------------------------------------|--------------|-----------------------|
| | | Amount* | Percentage of Levy | | | |
| 2004 | \$ 4,247,630 | \$ 4,083,247 | 96.13% | \$ 156,313 | \$ 4,239,560 | 99.81% |
| 2005 | 4,482,284 | 4,308,820 | 96.13% | 162,707 | 4,471,527 | 99.76% |
| 2006 | 4,821,652 | 4,655,212 | 96.55% | 70,007 | 4,725,219 | 98.00% |
| 2007 | 5,385,785 | 5,219,697 | 96.92% | 155,855 | 5,375,552 | 99.81% |
| 2008 | 5,699,289 | 5,467,046 | 95.93% | 212,295 | 5,679,341 | 99.65% |
| 2009 | 6,024,153 | 5,731,671 | 95.14% | 267,783 | 5,999,454 | 99.59% |
| 2010 | 6,404,370 | 6,074,648 | 94.85% | 273,364 | 6,348,012 | 99.12% |
| 2011 | 6,811,289 | 6,469,505 | 94.98% | 128,591 | 6,598,096 | 96.87% |
| 2012 | 7,023,545 | 6,710,741 | 95.55% | 151,262 | 6,862,003 | 97.70% |
| 2013 | 7,128,492 | 6,797,684 | 95.36% | - | 6,797,684 | 95.36% |

Source: Tax Turnover report from Yamhill County

* Includes discount allowed and adjustments to tax roll

City of Newberg, Oregon

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

Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Population (1) | Assessed Value (2) | General Bonded Debt Outstanding | | | | Percentage of Assessed Value | Per Capita |
|-----------------------------------|----------------|-----------------------|--|----------------------------------|----------------------|--------------|------------------------------------|---------------|
| | | | Net General Obligation Bonds (3) | Certificates of Participation | Limited Tax Bonds | Total | | |
| 2004 | 19,530 | \$ 857,177,655 | \$ 3,795,037 | \$ 2,790,000 | \$ 2,720,000 | \$ 9,305,037 | 1.09 | \$ 476.45 |
| 2005 | 19,910 | 908,510,978 | 3,497,771 | 2,580,000 | 2,720,000 | 8,797,771 | 0.97 | 441.88 |
| 2006 | 20,565 | 988,525,040 | 3,135,253 | 2,465,000 | 2,720,000 | 8,320,253 | 0.84 | 404.58 |
| 2007 | 20,570 | 1,110,866,040 | 2,875,390 | 2,340,000 | 2,720,000 | 7,935,390 | 0.71 | 385.77 |
| 2008 | 21,675 | 1,193,170,105 | 2,629,933 | 2,210,000 | 2,720,000 | 7,559,933 | 0.63 | 348.79 |
| 2009 | 22,645 | 1,271,921,638 | 2,378,181 | 2,075,000 | 2,710,000 | 7,163,181 | 0.56 | 316.33 |
| 2010 | 23,150 | 1,364,210,006 | 2,094,776 | 1,930,000 | 2,690,000 | 6,714,776 | 0.49 | 290.06 |
| 2011 | 22,110 | 1,441,923,513 | 1,763,384 | 1,780,000 | 2,665,000 | 6,208,384 | 0.43 | 280.80 |
| 2012 | 22,230 | 1,479,778,703 | 1,437,241 | 1,620,000 | 2,630,000 | 5,687,241 | 0.38 | 255.84 |
| 2013 | 22,300 | 1,529,465,962 | 1,100,684 | 1,455,000 | 2,585,000 | 5,140,684 | 0.34 | 230.52 |

(1) Portland State University, Annual Population Statistics

(2) Yamhill County Assessor

(3) Excludes Business-type Activity Debt, also net of Debt Service Fund balance

City of Newberg, Oregon

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2013

| Governmental Unit | Debt Outstanding | Percentage Applicable to City (2) | Amount Applicable to City |
|---|---------------------|---|---------------------------------|
| Direct | | | |
| City of Newberg (1) | \$ 1,300,000 | 100.00% | \$1,300,000 |
| Less: Funds available for principal payment | | | (199,316) |
| City of Newberg net direct debt | | | 1,100,684 |
| Overlapping | | | |
| Chehalem Park & Recreation | 1,155,000 | 64.07% | 740,032 |
| Portland Community College | 176,450,000 | 1.62% | 2,857,255 |
| Willamette ESD | 1,625,000 | 5.70% | 92,614 |
| School District 29J | 79,309,811 | 60.46% | 47,948,729 |
| Total overlapping debt | | | 51,638,630 |
| Total direct and overlapping debt | | | \$52,739,314 |

Sources: Oregon State Treasury Debt Management Information System
 City of Newberg Finance Department

(1) Amount reported by Oregon State Treasury as property-tax backed debt

(2) Based upon assessed value of properties

City of Newberg, Oregon

LEGAL DEBT MARGIN INFORMATION
GENERAL OBLIGATION BONDED DEBT

Last Ten Fiscal Years

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Real Market Value | \$ 1,130,722,325 | \$ 1,247,583,520 | \$ 1,449,389,659 | \$ 1,905,225,704 |
| Debt Limit (3% real market value) | 33,921,670 | 37,427,506 | 43,481,690 | 57,156,771 |
| Debt Applicable to Limit: | | | | |
| General Obligation Bonds | 4,140,000 | 3,920,000 | 3,685,000 | 3,440,000 |
| Less: Amounts reserved for debt service | (344,963) | (422,229) | (549,747) | (564,610) |
| Total net debt applicable to limit | <u>3,795,037</u> | <u>3,497,771</u> | <u>3,135,253</u> | <u>2,875,390</u> |
| Legal debt margin | <u>\$ 30,126,633</u> | <u>\$ 33,929,735</u> | <u>\$ 40,346,437</u> | <u>\$ 54,281,381</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 11.19% | 9.35% | 7.21% | 5.03% |

Notes

- a) Oregon Revised Statutes 287A.050 provides a debt limit on general obligation bonds of 3% of real market value of all taxable property within the City's boundaries
- b) The legal debt margin is the difference between the debt limit and the City's net outstanding general obligation debt

Data Sources

Yamhill County Tax Assessor
City of Newberg Finance Department

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,268,613,601 | \$ 2,239,316,374 | \$ 2,187,831,882 | \$ 2,193,902,961 | \$ 1,956,379,200 | \$ 1,912,302,698 |
| 68,058,408 | 67,179,491 | 65,634,956 | 65,817,089 | 58,691,376 | 57,369,081 |
| 3,190,000 | 2,525,000 | 2,245,000 | 1,945,000 | 1,630,000 | 1,300,000 |
| (560,067) | (146,819) | (150,224) | (181,616) | (192,759) | (199,316) |
| 2,629,933 | 2,378,181 | 2,094,776 | 1,763,384 | 1,437,241 | 1,100,684 |
| <u>\$ 65,428,475</u> | <u>\$ 64,801,310</u> | <u>\$ 63,540,180</u> | <u>\$ 64,053,705</u> | <u>\$ 57,254,135</u> | <u>\$ 56,268,397</u> |
| 3.86% | 3.54% | 3.19% | 2.68% | 2.45% | 1.92% |

City of Newberg, Oregon

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Governmental Activities | | | |
|-------------------------------------|--------------------------------------|----------------------------------|---------------------------------|-------------------|
| | General Obligation Bonded Debt | Certificates of Participation | Limited Tax Pension Bonds | Capital Leases |
| 2004 | \$ 4,140,000 | \$ 2,790,000 | \$ 2,720,000 | \$ 41,549 |
| 2005 | 3,920,000 | 2,580,000 | 2,720,000 | 20,908 |
| 2006 | 3,685,000 | 2,465,000 | 2,720,000 | 8,903 |
| 2007 | 3,440,000 | 2,340,000 | 2,720,000 | 3,650 |
| 2008 | 3,190,000 | 2,210,000 | 2,720,000 | 269,377 |
| 2009 | 2,525,000 | 2,075,000 | 2,710,000 | 205,265 |
| 2010 | 2,245,000 | 1,930,000 | 2,690,000 | 161,717 |
| 2011 | 1,945,000 | 1,780,000 | 2,665,000 | 86,692 |
| 2012 | 1,630,000 | 1,620,000 | 2,630,000 | 281,773 |
| 2013 | 1,300,000 | 1,455,000 | 2,585,000 | 408,129 |

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

Business-type Activities

| <u>General Obligation Bonded Debt</u> | | <u>Notes</u> | | <u>Capital Leases</u> | | <u>Total Government</u> | | <u>(1) Percentage of Personal Income</u> | <u>(1) Per Capita</u> |
|---|---------|--------------|------------|---------------------------|---------|-----------------------------|------------|--|-------------------------------|
| \$ | 705,000 | \$ | 9,119,173 | \$ | 145,644 | \$ | 19,661,366 | 3.72% | \$ 1,007 |
| | - | | 7,770,397 | | 91,195 | | 17,102,500 | 2.99% | 859 |
| | - | | 12,562,971 | | 51,724 | | 21,493,598 | 3.19% | 992 |
| | - | | 16,330,766 | | 27,684 | | 24,862,100 | 3.40% | 1,098 |
| | - | | 21,546,403 | | 2,489 | | 29,938,269 | 4.22% | 1,381 |
| | - | | 23,487,962 | | 201 | | 31,003,428 | 4.16% | 1,369 |
| | - | | 24,170,735 | | - | | 31,197,452 | 4.11% | 1,348 |
| | - | | 22,882,305 | | - | | 29,358,997 | 3.91% | 1,328 |
| | - | | 22,431,841 | | - | | 28,593,614 | N/A | 1,286 |
| | - | | 26,270,537 | | 8,410 | | 32,027,076 | N/A | 1,436 |

City of Newberg, Oregon

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year Ending June 30, | (1) Population | (2) Per Capita Income | Personal (3) Total Personal | (4) School Enrollment | (5) Unemployment Rate |
|-----------------------------------|-------------------|--------------------------------|--------------------------------------|-----------------------------|-----------------------------|
| 2004 | 19,530 | 27,030 | \$ 527,895,900 | 5,085 | 7.00% |
| 2005 | 19,910 | 28,713 | 571,675,830 | 5,122 | 6.70% |
| 2006 | 21,675 | 31,044 | 672,878,700 | 5,148 | 5.40% |
| 2007 | 22,645 | 32,290 | 731,207,050 | 5,136 | 4.80% |
| 2008 | 21,675 | 32,700 | 708,772,500 | 5,205 | 5.40% |
| 2009 | 22,645 | 32,894 | 744,884,630 | 5,163 | 13.20% |
| 2010 | 23,150 | 32,768 | 758,579,200 | 5,175 | 10.50% |
| 2011 | 22,110 | 33,980 | 751,297,800 | 5,252 | 9.30% |
| 2012 | 22,230 | NA | NA | 5,169 | 8.40% |
| 2013 | 22,300 | NA | NA | 5,155 | 7.60% |

(1) Portland State University Population Research Center; www.pdx.edu/prc/population-estimates-0

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

(3) Estimation; Calculated, Population multiplied by Per Capital Personal Income

(4) Newberg School District

(5) State of Oregon, Employment Division,

<http://www.olmis.org/olmisj/labforce?key=startregion&areacode=4101000000>
(Yamhill County) for June 2013 seasonally adjusted

City of Newberg, Oregon

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| | 2013 | | | 2004 | | |
|----------------------------------|-------------------------|-------------|--|-------------------------|-------------|--|
| | (1) <u>Employees</u> | <u>Rank</u> | Percentage of Total City <u>Employment</u> | (2) <u>Employees</u> | <u>Rank</u> | Percentage of Total City <u>Employment</u> |
| SP Newsprint Co. | 919 | 1 | 9.86% | 914 | 1 | N/A |
| A-dec | 585 | 2 | 6.28% | 510 | 3 | N/A |
| Newberg Public Schools | 550 | 3 | 5.90% | 255 | 5 | N/A |
| Providence Newberg Hospital | 400 | 4 | 4.29% | 550 | 2 | N/A |
| George Fox University | 280 | 5 | 3.00% | 324 | 4 | N/A |
| Fred Meyer | 265 | 6 | 2.84% | 250 | 6 | |
| SP Newsprint Co. | 230 | 7 | 2.47% | | | N/A |
| Allison Inn | 173 | 8 | 1.86% | 157 | 8 | |
| City of Newberg | 170 | 9 | 1.82% | | | |
| Climax Portable Machine Tools | 160 | 10 | 1.72% | | | N/A |
| Friendsview Retirement Community | | | | | | N/A |
| Suntron | | | | 185 | 7 | N/A |
| Allen Machinery/FMC Food Tech | | | | 123 | 9 | N/A |
| Safeway | | | | 80 | 10 | N/A |
| Total | <u>9,321</u> | | <u>40.04%</u> | <u>N/A</u> | | <u>N/A</u> |

(1) Chehalem Valley Chamber of Commerce Business & Community Directory 2013-14, City of Newberg Finance Dept

(2) Newberg Area Chamber of Commerce Directory 2004

Total Employment: 2011 Oregon Employment Department Statistics, Place Name Data for "Newberg, Oregon"

City of Newberg, Oregon

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| <u>Function/Program</u> | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|--------------------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General government | 12.22 | 13.47 | 14.57 | 18.40 | 23.25 | 19.80 | 19.30 | 18.30 | 16.50 | 15.80 |
| Public safety | 48.20 | 51.98 | 56.48 | 64.14 | 60.61 | 67.96 | 70.76 | 70.76 | 69.12 | 69.12 |
| Library | 11.03 | 11.03 | 12.25 | 12.25 | 13.14 | 13.14 | 13.36 | 12.14 | 11.64 | 11.34 |
| Community development | 15.12 | 17.74 | 20.90 | 21.31 | 21.29 | 22.23 | 18.73 | 16.51 | 13.55 | 13.2 |
| Water | 15.44 | 15.85 | 14.67 | 16.99 | 17.30 | 18.88 | 18.88 | 19.44 | 18.72 | 13.63 |
| Wastewater | 16.41 | 16.06 | 15.89 | 17.02 | 16.28 | 17.61 | 17.61 | 17.40 | 17.44 | 16.13 |
| Stormwater | 2.66 | 2.58 | 3.58 | 3.58 | 3.38 | 4.68 | 4.68 | 5.41 | 4.54 | 6.0 |
| Emergency medical services | 7.10 | 6.60 | 6.60 | 6.60 | 6.60 | 6.60 | 6.60 | 6.60 | 7.24 | 7.24 |
| TOTAL | 128.18 | 135.31 | 144.94 | 160.29 | 161.85 | 170.90 | 169.92 | 166.56 | 158.75 | 152.46 |

Source: City of Newberg Finance Department - Budgets

City of Newberg, Oregon

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General government | | | | | | | | | | |
| Number of Council resolutions | 49 | 71 | 70 | 58 | 76 | 61 | 51 | 49 | 51 | 42 |
| Public safety | | | | | | | | | | |
| Number of adult arrests | 1,386 | 1,488 | 1,438 | 1,436 | 1,406 | 1,252 | 1,458 | 1,459 | 1,016 | 1,017 |
| Number of citations | 3,754 | 3,511 | 4,327 | 4,789 | 4,842 | 4,326 | 6,364 | 7,717 | 6,831 | 7,456 |
| Number of emergency calls responded to (fire) | 3,052 | 3,067 | 3,591 | 3,595 | 3,671 | 3,670 | 3,956 | 4,299 | 4,588 | 4,073 |
| Library | | | | | | | | | | |
| Annual Checkouts | 202,608 | 215,248 | 219,332 | 228,101 | 245,287 | 256,689 | 280,202 | 288,555 | 291,071 | 270,974 |
| Reference Questions Answered | 13,257 | 15,521 | 15,032 | 15,642 | 15,642 | 15,555 | 15,715 | 11,033 | 9,191 | 9,023 |
| Event Attendance | 13,270 | 13,716 | 20,745 | 23,193 | 21,264 | 19,638 | 18,065 | 18,324 | 20,285 | 14,648 |
| Community development | | | | | | | | | | |
| Building Inspections | 8,143 | 10,036 | 22,177 | 13,868 | 10,831 | 10,646 | 7,922 | 3,925 | 4,038 | 4,998 |
| Building Permits Residential | 422 | 483 | 433 | 270 | 190 | 153 | 58 | 25 | 40 | 36 |
| Water | | | | | | | | | | |
| Water-# of a/c | 5,269 | 5,433 | 6,092 | 6,116 | 6,307 | 6,318 | 6,471 | 6,529 | 6,585 | 6,594 |
| Water-total gallons treated (millions of gallons) | 969 | 932 | 1,042 | 1,067 | 997 | 968 | 951 | 936 | 939 | 969 |
| Wastewater | | | | | | | | | | |
| Wastewater Total gallons treated (millions of gallons) | 955 | 770 | 1,277 | 1,205 | 1,185 | 1,023 | 1,221 | 1,354 | 1,190 | 1,165 |
| Stormwater | | | | | | | | | | |
| Emergency Medical Services | | | | | | | | | | |
| Ambulance Transports | 1,631 | 1,690 | 1,842 | 1,916 | 2,047 | 2,087 | 2,027 | 2,364 | 2,437 | 2,253 |

Source: Various City of Newberg departments

City of Newberg, Oregon

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
| Public safety | | | | | | | | | | |
| Police related vehicles | 17 | 19 | 18 | 21 | 24 | 24 | 26 | 29 | 29 | 27 |
| Number of fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Library | | | | | | | | | | |
| Library building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community development | | | | | | | | | | |
| Miles of road | 53.4 | 56.1 | 63.7 | 66.6 | 69.0 | 70.5 | 70.8 | 71.9 | 71.9 | 71.9 |
| Water | | | | | | | | | | |
| Total water reservoir capacity (millions of gallons) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Number of reservoirs | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Wastewater | | | | | | | | | | |
| Miles of wastewater lines | 71.4 | 69.3 | 73.4 | 77.6 | 80.5 | 80.4 | 80.6 | 80.9 | 81.7 | 81.9 |
| Stormwater | | | | | | | | | | |
| Miles of storm lines | 49.9 | 48.8 | 55.8 | 56.3 | 63.7 | 64.7 | 65.9 | 65.9 | 65.9 | 59.3 |
| Emergency Medical Services | | | | | | | | | | |
| Ambulances | 6 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |

Source: Various City of Newberg departments

***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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **CITY OF NEWBERG** as of and for the year ended June 30, 2013, and have issued our report thereon dated November 22, 2013.

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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except that expenditure in excess of appropriations occurred as follows:

| <u>Fund / Category</u> | <u>Appropriation</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|----------------------|---------------|-----------------|
| Building Inspection-Inspection | \$ 327,963 | \$ 333,976 | \$ (6,013) |

OAR 162-10-0230 Internal Control

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

Restriction on Use

This report is intended solely for the information and use of the council members 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
 Certified Public Accountants
 Salem, Oregon
 November 22, 2013

By: 
 Bradley G. Bingenheimer, Member