

**City of Newberg, Oregon  
Comprehensive Annual Finance Report  
Fiscal Year Ended June 30, 2019**



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# **CITY OF NEWBERG, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2019

Prepared by:

Matt Zook, Finance Director  
Caleb Lippard, Assistant Finance Director  
Dan Keuler, Senior Accountant

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CITY OF NEWBERG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2019

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***INTRODUCTORY SECTION***

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December 26, 2019

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, 2019 is hereby submitted.

State law requires that local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement and presents the financial position of the City as of June 30, 2019 and the results of its government-wide operations as well as the 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, 2019. 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 an incorporated land area of 5.93 square miles and an estimated 2019 population of 23,795. The City has the authority to extend its corporate limits by annexation. During the 2018-19 fiscal year the City annexed one property for a total of approximately 1.56 acres.

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 Council is required to adopt a final budget by resolution before July 1. This annual budget serves as the foundation of the City of Newberg's financial planning and control. Totals by program (ex. general government, police, etc.), 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.

The City provides a full range of services. These services include police protection; 911 emergency telephone center for the cities of Newberg and Dundee police; 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. Overlapping local governments, which includes Yamhill County, Chehalem Park & Recreation District, Newberg School District, Tualatin Valley Fire & Rescue, and others, 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 1<sup>st</sup> 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.

During 2017-18 to 2018-19, the City's assessed value increased 2.7% and the market value also increased 8.3%. The difference between market value and assessed value has widened to \$1,220 million compared to \$1,031 million the prior year.

Table 1  
City of Newberg Assessed and Market Values

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Assessed Value	\$ 1,696,556,938	\$ 1,780,615,477	\$ 1,855,195,227	\$ 1,904,718,781
Percent Change	4.2%	4.9%	4.2%	2.7%
Market Value	\$ 2,199,658,073	\$ 2,380,377,182	\$ 2,885,994,061	\$ 3,124,480,898
Percent Change	4.5%	8.2%	21.2%	8.3%

*Source: Yamhill County Assessor's Office*

During fiscal year 2018-19, the building fund saw an increase of 15.8% in total values of constructed residential and a decrease of 35.8% in commercial properties from the prior fiscal year. This translated to an overall decrease of 0.37% in permits and fees revenue from FY 2017-2018 to FY 2018-2019. The number of new residential units went from 98 in FY 2017-2018 to 94 in FY 2018-2019. The department also saw an increase in total inspections. Permit revenues in 2019-2020 are expected to be below FY 2018-2019 due to a slowing economy and land supply constraints.

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-dec, a family-owned dental manufacturer inside the City. Major employers also include Providence Newberg Medical Center, George Fox University, Fred Meyer, the Allison Inn, Friendsview Retirement Community, the Newberg School District and the City of Newberg. The unemployment rates in the area have been declining at an equal pace with the State of Oregon as well as Nationwide. The unemployment rates for the past four years were the following:

Unemployment Rates (seasonally adjusted as of June):

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Yamhill County	4.8%	3.8%	3.7%	3.6%
State of Oregon	4.9%	4.1%	4.0%	4.0%
National USA	4.9%	4.3%	4.0%	3.7%

*Sources: State of Oregon Employment Department at <https://www.qualityinfo.org/home>*

*Note: The prior years' rates have been restated as sources' statistics are subject to change over time.*

Rising retirement costs continue to be an economic challenge. Oregon PERS rates are set for a two-year period. The rates for the 2017-2019 biennium are 20.32% for Tier 1/Tier 2 employees, 10.02% for OPSRP general employees, and 14.79% for OPSRP public safety employees. The Newberg Employees Retirement Plan rates are set annually. The 2018-19 rate was 36.80%.

## **Relevant Financial Policies**

Fund Reserves. The General Fund target cash reserve, which includes contingency and unappropriated fund balance, is 16-18% of current budget operating expenditures. All other operating funds reliant on user fees or monthly intergovernmental revenues shall maintain 60-90 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.

## **Major Activities and Accomplishments**

For the Year. The City had a number of citizen 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, Budget Committee, Transient Lodging Tax Advisory Committee and the Citizens Rate Review Committee.

The Newberg-Dundee area ranked as the 2<sup>nd</sup> safest city, with over 10,000 population, in Oregon according to safehome.org. The Newberg-Dundee Police Department boasted 0.92 violent crimes per 1,000 persons and 16.15 property crimes per 1,000 persons, approximately half of the Oregon average in both categories.

In August 2018, City Council ratified the sale of the Animal Shelter land and building to its long-time community partner, the Newberg Animal Shelter Friends (NASF), who will continue to use the property for its intended purpose in recognition of its significant role. The sale closed in December 2018. Net proceeds were proportionately allocated to the Wastewater Fund and the General Fund.

The City's community visioning process began January 2019 and was organized by the City of Newberg Community Development Department along with the Community Visioning Coordinator Bayoan Ware from the University of Oregon Resource Assistance for Rural Environments (RARE) program. The plan includes Newberg resident perspectives collected through various public activities in form of committees, work groups, interviews, surveys and events to create a single vision for Newberg. Through this process, students, business owners, parents, volunteers and the city created an action plan and timeline to achieve specific goals in the next 20 years. These goals focus on areas of community leadership, economic development, livability and development, cultural assets and community engagement. The visioning process and final results and formal Action Plan were completed in August 2019.

In October 2018, Elise Yarnell Hollamon was appointed to the Council to fill the position vacated by Matthew Murray in July 2018. In November 2018, the citizens elected Rick Rogers as Mayor-elect and Elizabeth Gemeroy, Stephanie Findley, and Patrick Johnson (incumbent) as Councilors to new four-year terms beginning January 1, 2019. The City recognized Mayor Bob Andrews and Councilors Stephen McKinney and Scott Essin for their dedicated service to the citizens of Newberg.

In June of 2018, the City was awarded a grant from Business Oregon's Seismic Rehabilitation Grant Program in the amount of \$815,687 for the seismic rehabilitation of the City's Public Safety Building. The grant program is intended to cover the entire expected cost of the upgrade and will provide the necessary upgrades to support the Public Safety Building through large scale earthquakes, providing a viable base of operations during a hypothetical natural disaster. The project is expected to complete in 2020.

*For the Future.* In September 2017, City Council took the initial steps in approving the City's commitment to the Emergency Communications System upgrade project in partnership with Washington County Consolidated Communications Agency (WCCCA). The City has partnered with WCCCA since 2009, allowing the City access to WCCCA's 800 MHz Public Safety Voice and Data Communications System rather than operating an independent, standalone system. WCCCA has identified the need for replacements and upgrades to their overall system, including a portion of the system that involves the direct benefit to the City and also requires the City's contribution. Clackamas C800 Radio Group (C800) is also a partner in the upgrade project. The primary scope of the overall project is to replace/upgrade/expand the infrastructure, communication towers, radios and other equipment. The overall project is estimated at \$124 million, with the City's portion as approximately \$3.1 million. The City completed financing of the project through a financing agreement executed in June of 2018. The project has begun and is anticipated to be completed in 2020.

In October 2019, Councilor Mike Corey resigned from the City Council after moving out of District 5. Councilor Gene Piros was appointed in November 2019 to replace Mike Corey. Additionally, Councilor Elizabeth Curtis Gemeroy of District 2 announced that she was moving out of her district in November which will force her to resign from the position. A new councilor for District 2 is expected to be appointed in January 2020.

During the entire 2018-19 fiscal year, Joe Hannan served as the City Manager. In May 2019, he announced his retirement and left the position at the end of July 2019. The City Council appointed David Clyne to serve as the City Manager Pro Tem until the conclusion of the city manager recruitment process, which is expected to conclude in early 2020.

The City has recently been awarded several significant grants expected to begin next year. There are two grants related to the construction of a solar station at the Wastewater Treatment Plant. A grant from the State of Oregon was awarded totaling \$250,000 towards that project, in addition to an award from Portland General Electric of up to \$150,000 from their Renewable Development Fund. Additionally, the Newberg-Dundee Police Department have been awarded various small grants totaling up to nearly \$61,000. Public Works will be working on significant construction on Crestview drive, which is funded with a \$740,000 grant as well as an emergency preparedness grant from the Oregon Emergency Management department for up to \$26,750 worth of emergency water supplies and equipment.

The Oregon PERS rates for the 2019-21 biennium will be 21.99% for Tier 1/Tier 2 employees, 12.10% for OPSRP general employees, and 16.73% for OPSRP public safety employees. As of December 2019, the Oregon PERS advisory rates for the 2021-23 biennium will be 25.04% for Tier 1/Tier 2 employees, 17.36% for OPSRPT general employees, and 21.73% for OPSRP public safety employees. The Newberg Employees Retirement Plan 2019-20 rate is 37.97%. The Newberg Employees Retirement Plan 2020-21 rate will be 44.28%.

## Awards and Acknowledgements

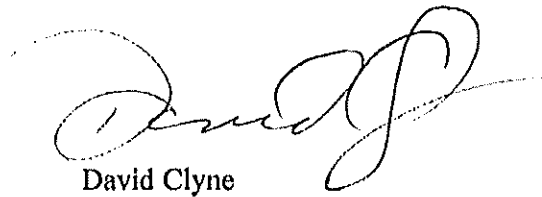
Awards. Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberg for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Additionally, we would like to express our appreciation to all other departments who contributed information and statistics used for the preparation of 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.

Respectfully submitted,

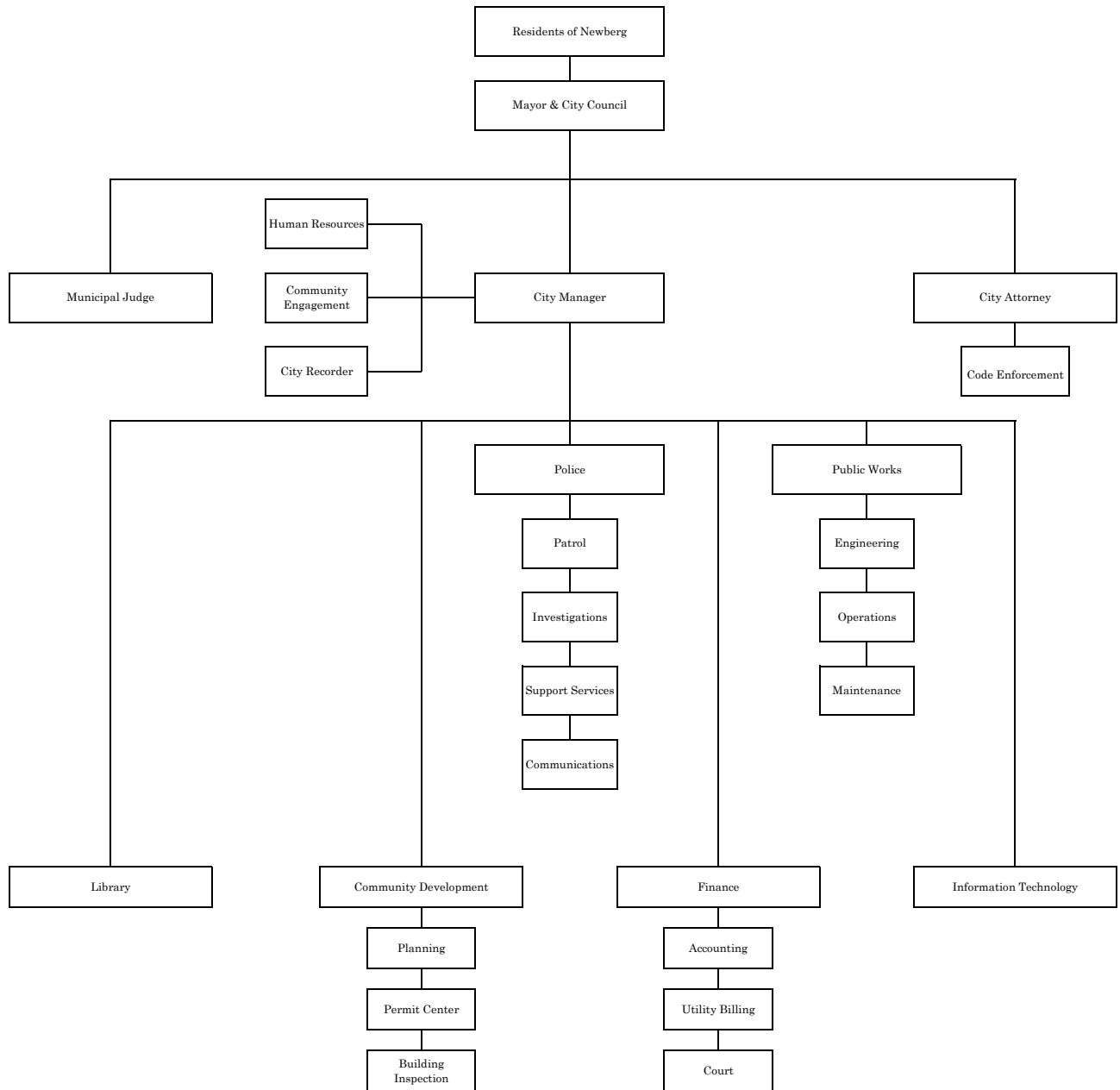
  
Matt Zook  
Finance Director

  
David Clyne  
City Manager Pro Tem



# City of Newberg, Oregon

## Organizational Chart



**CITY OF NEWBERG**

**OFFICERS AND MEMBERS OF THE GOVERNING BODY**

**June 30, 2019**

**CITY MANAGER**

Joe Hannan

**CITY ATTORNEY**

Truman A. Stone

**MUNICIPAL JUDGE**

Larry Blake Jr.

**MAYOR**

Rick Rogers  
PO Box 970  
Newberg, OR 97132

**TERM EXPIRATION**

December 31, 2022

**COUNCIL MEMBERS**

Denise Bacon  
PO Box 970  
Newberg, OR 97132

December 31, 2020

Elise Yarnell Hollamon  
PO Box 970  
Newberg, OR 97132

December 31, 2020

Elizabeth Curtis Gemeroy  
PO Box 970  
Newberg, OR 97132

December 31, 2022

Mike Corey  
PO Box 970  
Newberg, OR 97132

December 31, 2020

Patrick Johnson  
PO Box 970  
Newberg, OR 97132

December 31, 2022

Stephanie Findley  
PO Box 970  
Newberg, OR 97132

December 31, 2022



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, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

The City's 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. 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *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 CITY OF NEWBERG, as of June 30, 2019, and 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 accordance 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 - p* and the required supplementary information on pages 75 - 82 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements and individual fund schedules, the other financial schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements and individual fund 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 financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, other financial schedules, and the statistical section 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 it.



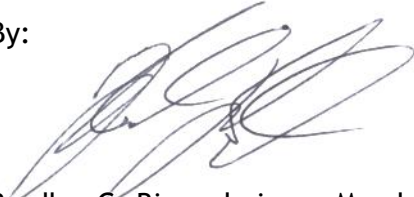
**INDEPENDENT AUDITOR'S REPORT (Continued)**

**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 20, 2019, on our consideration of the City's compliance with certain provisions of laws and regulation, 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  
December 20, 2019

By:

A handwritten signature in black ink, appearing to read 'B. Bingenheimer', written over a faint, illegible background.

Bradley G. Bingenheimer, Member

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**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2019*

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The management of the City of Newberg, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2019. 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.

**FINANCIAL HIGHLIGHTS**

- Total assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$155.9 million. Of this amount, \$10.3 million is reported as unrestricted net position, 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 \$5.1 million, or 3.4%. The positive effect on net position is due to traditional operations of \$3.3 million, decreasing debt of \$3.4 million, and due to the net change of pension liability and pension related items of \$0.2 million. The negative effect on net position is due to a decrease in capital assets of \$1.8 million, largely related to the sale and disposal of fire and EMS assets as well as the sale of the animal shelter.
- Revenue from property taxes levied for general purposes decreased \$3.3 million or 41.6% during the fiscal year due to a decrease in the rate levied resulting from the annexation of fire services to Tualatin Valley Fire & Rescue. Franchise and public service taxes remained consistent with the prior year.
- Depreciation expense for 2018-19 was \$6,738,544.
- Total cost of all programs was \$33.5 million, decrease of \$4.6 million from the prior year. The decrease primarily relates to the annexation of fire services to Tualatin Valley Fire & Rescue.

**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 financial statements, and the notes to the financial statements.

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**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 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 Funds Balance Sheet and the Governmental Funds 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 four major funds: General Fund, Street Fund, Street Capital Projects Fund, and Building Inspection Fund. Data from the other 11 governmental funds are combined into a single, aggregated presentation. For each major fund, a separate Statement (or Schedule) of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented. Information on non-major funds can be found in the Combining and Individual Fund Financial Statements and Schedules section of this report.

**Proprietary Funds.** This type of fund is 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,

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vehicle/equipment replacement, and risk management activities. The assets and liabilities of the internal service funds have been allocated among the governmental and business-type activities.

The enterprise funds, all of which are considered to be major funds (on a consolidated basis) of the City, are reported separately on the 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 Combining and Individual Fund Financial Statement and Schedules section of this report.

**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. This section also includes capital asset, long-term debt, and other financial schedules.

**Required Supplementary Information.** This section relates to the adoption of GASB Statements 67 and 68 as well as GASB Statements 74 and 75, which require information related to the two pension plans and other postemployment benefits in which the City participates.

**Other Supplementary Information.** This section, titled Combining and Individual Fund Financial Statements and Schedules, includes combining statements for the non-major governmental funds, combining statements by fund type, and budgetary comparison schedules. The combining internal service fund statements are also included in this section.

**Other Financial Schedules.** This section includes financial schedules related to taxes and outstanding debt.

**Statistical Section.** This section includes historical 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.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**STATEMENT OF NET POSITION**

Net position serves as a useful indicator of a government's financial position especially when viewed over time. In the case of the City, assets exceed liabilities by \$155.9 million at the close of the most recent fiscal year. This represents a \$5.1 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)

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	2019	2018	2019	2018	2019	2018
Cash and investments	\$ 17.5	\$ 17.5	\$ 32.7	\$ 29.9	\$ 50.2	\$ 47.4
Other assets	1.2	1.9	2.6	2.0	3.8	3.9
Capital assets	76.0	76.3	87.8	89.1	163.8	165.4
Total assets	<u>94.7</u>	<u>95.7</u>	<u>123.1</u>	<u>121.0</u>	<u>217.8</u>	<u>216.7</u>
Deferred Outflows of resources						
Pension related items	4.8	5.6	2.5	2.8	7.3	8.4
Postemployment benefit related items	0.1	0.1	-	-	-	-
Deferred refunding charge	-	-	0.2	0.3	0.2	0.3
Total deferred outflows of resources	<u>4.9</u>	<u>5.7</u>	<u>2.7</u>	<u>3.1</u>	<u>7.5</u>	<u>8.7</u>
Long-term obligations	21.3	25.3	40.1	43.0	61.4	68.3
Other liabilities	2.0	2.8	1.0	0.9	3.0	3.7
Total liabilities	<u>23.3</u>	<u>28.1</u>	<u>41.1</u>	<u>43.9</u>	<u>64.4</u>	<u>72.0</u>
Deferred inflows of resources						
Pension related items	4.0	1.6	1.0	1.0	5.0	2.6
Postemployment benefit related items	0.1	-	-	-	-	-
Total deferred inflows of resources	<u>4.1</u>	<u>1.6</u>	<u>1.0</u>	<u>1.0</u>	<u>5.0</u>	<u>2.6</u>
Net position:						
Net investment in capital assets	72.7	75.1	56.0	54.6	128.7	129.7
Restricted	9.7	7.5	7.1	6.4	16.8	13.9
Unrestricted	(10.2)	(10.9)	20.6	18.1	10.4	7.2
Total net position	<u>\$ 72.2</u>	<u>\$ 71.7</u>	<u>\$ 83.7</u>	<u>\$ 79.1</u>	<u>\$ 155.9</u>	<u>\$ 150.8</u>

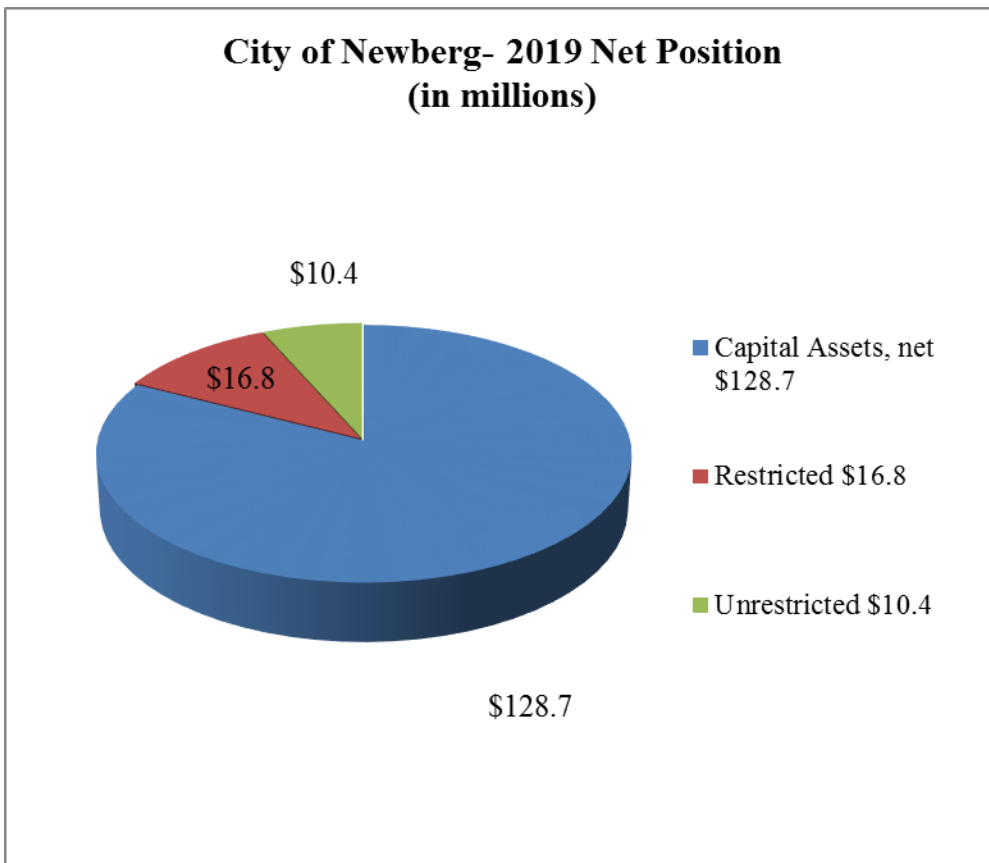
By far, the largest portion of the City of Newberg's net position (\$128.7 million, or 82.5%) is investment in capital assets (land, building, equipment, infrastructure, net of depreciation and any related outstanding debt used to acquire those capital assets). The City uses these capital assets to provide 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.

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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 position totals \$16.8 million or 10.8%, and represent cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position totaling \$10.4 million, or 6.7%, 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 most of the reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The sole exception is unrestricted net position in governmental activities, primarily due to the inclusion of net pension liability and related items. The same situation held true for the prior fiscal year.



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**STATEMENT OF ACTIVITIES**

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

**TABLE 2**  
**ACTIVITIES FOR FISCAL YEARS ENDING JUNE 30, 2019 and 2018**  
(in millions)

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Charges for services	\$ 6.3	\$ 6.6	\$ 16.4	\$ 15.7	22.7	22.3
Operating grants and contributions	2.3	1.8	-	-	2.3	1.8
Capital grants and contributions	2.6	3.5	2.8	4.3	5.4	7.8
Taxes	8.6	11.9	-	-	8.6	11.9
Interest	0.4	0.3	0.8	0.5	1.2	0.8
Miscellaneous	0.1	-	-	-	0.1	-
Gain on sale of assets	0.2	-	-	-	0.2	-
Total revenues	<u>20.5</u>	<u>24.1</u>	<u>20.0</u>	<u>20.5</u>	<u>40.5</u>	<u>44.6</u>
<b>Expenses</b>						
General government	1.0	0.5	-	-	1.0	0.5
Public safety	9.2	14.1	-	-	9.2	14.1
Library	1.8	1.9	-	-	1.8	1.9
Community development	6.0	5.6	-	-	6.0	5.6
Interest on long-term debt	0.3	0.2	-	-	0.3	0.2
Water	-	-	5.3	5.1	5.3	5.1
Wastewater	-	-	8.4	9.0	8.4	9.0
Stormwater	-	-	1.5	1.5	1.5	1.5
Emergency medical services	-	-	-	0.3	-	0.3
Other	-	0.4	-	-	-	0.4
Total expenses	<u>18.3</u>	<u>22.7</u>	<u>15.2</u>	<u>15.9</u>	<u>33.5</u>	<u>38.6</u>
<b>Increase (decrease) in net assets</b>						
before transfers and special items	2.2	1.4	4.8	4.6	7.0	6.0
Special items	(1.9)	-	-	0.8	(1.9)	0.8
Transfers	0.2	0.3	(0.2)	(0.3)	-	-
Changes in net position	0.5	1.7	4.6	5.1	5.1	6.8
Beginning net position	71.7	69.4	79.1	73.9	150.8	143.4
Prior Period Adjustment	-	0.5	-	0.1	-	0.6
Ending net position	<u>\$ 72.2</u>	<u>\$ 71.6</u>	<u>\$ 83.7</u>	<u>\$ 79.1</u>	<u>\$ 155.9</u>	<u>\$ 150.8</u>



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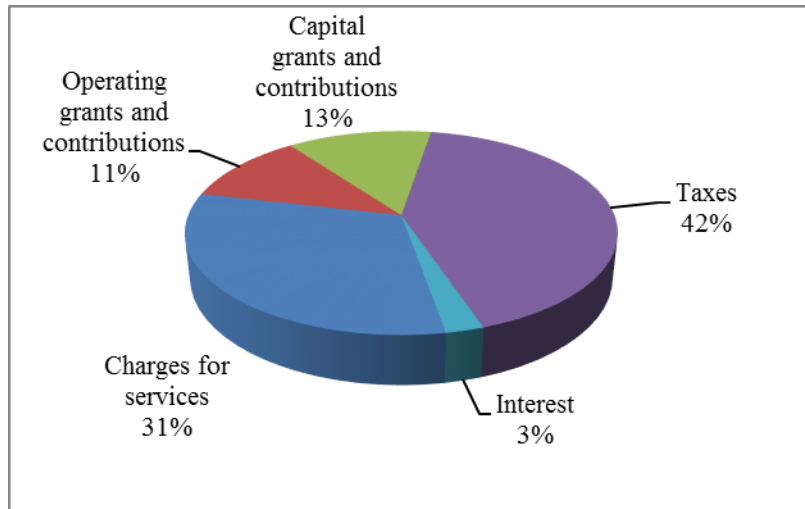
***Governmental Activities***

During the current fiscal year, the net position for governmental activities increased \$0.6 million from the prior fiscal year for an ending balance of \$72.2 million. An analysis of the revenues and expenses follows:

- 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. Charges for services decreased over the prior year by \$0.3 million, primarily due to the net difference between an increase of \$0.3 million in the internal franchise fee revenue and a decrease in both planning and subdivision fees and public safety revenue due to the transfer of fire services.
- 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.
  - Capital grants/contributions – These revenues primarily consist of grants, system development charges, and developer infrastructure contributions (e.g. fair market value of subdivision's infrastructure such as streets, roads, and rights-of-way/easements). This category decreased by \$0.9 million over the prior year, primarily due to decreased street system development charges of \$1.0 million due to decreased development activity within the City.
- Taxes – These are revenues that consist primarily of property taxes, transient lodging taxes, and franchise fees based on gross revenues. Overall property taxes decreased \$3.3 million or 41.6% over the prior fiscal year due to a decrease in the rate levied resulting from the annexation of fire services to Tualatin Valley Fire & Rescue. Franchise and public service taxes remained relatively constant compared to the prior year.
- Interest – This is revenue derived from the City's investment of cash and reserves. Due to continued improvement in investment earnings, revenues from this source nearly doubled for the third year in a row as compared to the prior year earnings, totaling \$461,112 in fiscal year 2018-19.
- Other - This is miscellaneous revenue not related to services provided.

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**Governmental Activities – Revenues by Source**



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

**Table 3**  
**Governmental Activities - Program Expenses**  
**for the fiscal year ended June 30, 2019**  
**(in millions)**

Programs	FY 2018-19		Compared to FY 2017-18	
	Amount	Percent of Total	Amount	Percent
General government	\$ 1.0	5.5%	\$ 0.5	100.0%
Public safety	9.2	50.3%	(4.9)	-34.8%
Library	1.8	9.8%	(0.1)	-5.3%
Community development	6.0	32.8%	0.4	7.1%
Interest on long-term debt	0.3	1.6%	0.1	50.0%
<b>Total expenses</b>	<b>\$ 18.3</b>	<b>100.0%</b>	<b>\$ (4.0)</b>	

- General government and interest expenses increased due to a new contract agreement with Visit Newberg and a large grant that the transient lodging tax granted to the Chehalem Cultural Center that was delayed from the 2017-18 fiscal year to 2018-19.
- Public safety consists of police, court, and 911 operations, and the overall expenses decreased due to the annexation of fire services to TVF&R.
- Library expenses were consistent with the prior fiscal year.
- Community Development expenses increased due to pavement preservation corresponding with the transportation utility fee and the Riverfront Master Plan grant expended in fiscal year 2018-19.

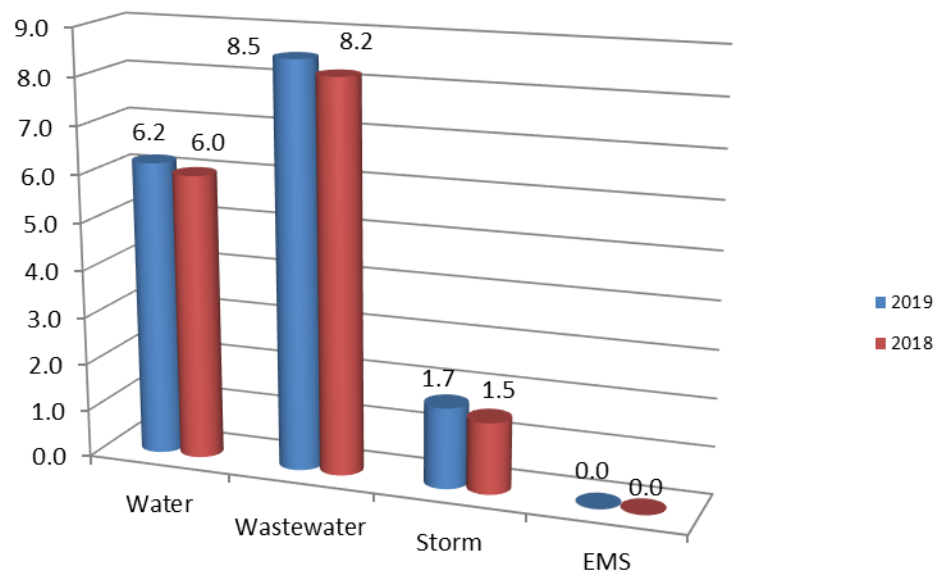
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***Business-type Activities***

During the current fiscal year, the net position for business-type activities increased by \$4.6 million from the prior fiscal year for an ending balance of \$83.7 million. Business-type charges for services experienced modest revenue growth related to annual utility rate increases and activity. Capital grants and contributions experienced a decrease over the prior year due to both system development charge decreases as well as a reduction in contributed capital due to lower development activity.

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



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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, 2019**  
**(in millions)**

<b>Programs</b>	<b>FY 2018-19</b>		<b>Compared to FY 2017-18</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease) Amount</b>	<b>Percent</b>
Water	5.3	34.9%	0.2	3.9%
Wastewater	8.4	55.3%	(0.6)	-6.7%
Stormwater	1.5	9.9%	-	0.0%
Emergency medical services	-	0.0%	(0.3)	-100.0%
Total expenses	<u>\$ 15.2</u>	<u>100.0%</u>	<u>\$ (0.7)</u>	

- Wastewater expenses decreased primarily due a savings of nearly \$0.2 million due to a favorable restructuring of a major bond as well as a decrease in pension related costs compared to the prior year.
- Stormwater and water program expenses were relatively consistent with prior year.
- The decrease in the EMS expenses relates to the final transfers of services and assets to Tualatin Valley Fire & Rescue.

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**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 \$15.1 million, an increase of \$0.2 million in comparison with the prior year. Approximately 29.6% of this amount (\$4.5 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balances is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$0.1 million), 2) restricted for particular purposes (\$9.6 million), 3) committed for particular purposes (\$0.9 million) or 4) assigned for particular purposes (\$0.1 million).

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by \$0.3 million (7.5%) during the current fiscal year. This change in fund balance is consistent with the prior year. Significant changes from the prior year are as follows:

- Property taxes revenues decreased \$3.0 million, or 37.7%. This decrease relates to the reduction of the property tax rate levied from \$4.3827 per thousand to \$2.5 per thousand. The City decreased the levy due to a voter-approved charter amendment related to the annexation of fire services to Tualatin Valley Fire & Rescue.
- Other taxes increased \$0.4 million (13.7%) attributable in large part to an increase in the franchise fee rate for the water, wastewater, and stormwater utilities.
- Licenses and permits revenue decreased by \$0.2 million (24.6%) due to lower development activity within the City relative to the prior year.
- Sale of capital assets and proceeds from notes receivable increase due to the sale of the Newberg Animal Shelter and remaining fire apparatus.
- Transfers In decreased due to one-time transfers from the EMS Fund and the PERS Stabilization Fund in fiscal year 2017-18.

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The Street Fund ending fund balance increased \$1.2 million (96.1%) primarily due to \$0.6 million of private funding paid to the City for the Crestview Drive project which has not yet been expended, a \$0.2 million increase in gas tax revenue, and \$0.3 million of unspent Transportation Utility Fee revenues.

The Building Inspection Fund ending fund balance increased at the same pace as the prior year (\$0.3 million) due to continued strong growth in development activity.

The Street Capital Projects Fund ending fund balance remained flat. However, project activity increased by \$0.3 million in part due to an increase in spending on street paving projects funded by the new Transportation Utility Fee.

Other governmental fund balances decreased by \$1.6 million. The primary reasons are due to the spending of funds within the Governmental Capital Projects Fund (the public safety communications upgrade project was originally funded by debt and will be spent down as the project nears completion) and the Transient Lodging Tax Fund balance decrease of \$0.3 million resulting from a large grant and a new marketing contract.

***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 \$1.8 million (6.0%) over the prior fiscal year. Operating costs increased by \$0.5 million during 2018-19. Charges for services increased by \$0.2 million due to increases in utility service rates and volume. Fiscal year 2018-19 also experienced a decrease in capital contributions revenue of \$0.3 million.

The net position of the wastewater utility increased by \$1.9 million (5.1%) during fiscal year 2018-19. Charges for services increased by \$0.4 million over the prior year. Operating costs decreased by \$0.2 million. Fiscal year 2018-19 also experienced a decrease in capital contributions revenue of \$0.8 million.

The net position of the stormwater utility increased by \$0.6 million during fiscal year 2018-19. The levels of operational activity remained relatively consistent with prior year. Fiscal year 2018-19 also experienced a decrease in capital contributions revenue of \$0.4 million.

Net position of the emergency medical services fund was closed out in fiscal year 2018-19 with the final transfer of assets to Tualatin Valley Fire & Rescue. The fund recorded minor depreciation expense as the final half year of assets. Additionally, one EMS asset was transferred to the General Fund as it was part of Fire Station 20, which was retained by the City. There was also a special item reported for the loss on disposal of assets with book value. These assets were transferred to TVF&R per an intergovernmental agreement with the district.

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**BUDGETARY HIGHLIGHTS**

Original budget compared to final budget

The budgetary statements for each fund, shown throughout this report, show the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2019. The City executed two supplemental budgets affecting multiple funds to cover minor adjustments for various unanticipated revenues and expenditures within different funds.

General Fund final budget compared to actual results

General fund actual revenues exceeded budget by 8.0%, with actual revenues exceeding budgets in every category of revenues. General fund expenditures were, in aggregate and excluding transfers, 87.8% of budget, with the largest variances in the communications and planning categories due to various salaries and operating expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2019, the City had invested \$163.7 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$1.8 million.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 1.2	\$ 1.2	\$ 2.7	\$ 2.8	\$ 3.9	\$ 4.0
Right of way	26.8	26.8	-	-	26.8	26.8
Construction in progress	2.0	3.9	2.6	3.0	4.6	6.9
Buildings & improvements	5.8	7.3	21.3	22.9	27.1	30.2
Equipment	2.0	2.6	25.6	25.9	27.6	28.5
Utility systems	-	-	35.6	34.5	35.6	34.5
Infrastructure	38.1	34.6	-	-	38.1	34.6
Total	<u>\$ 75.9</u>	<u>\$ 76.4</u>	<u>\$ 87.8</u>	<u>\$ 89.1</u>	<u>\$ 163.7</u>	<u>\$ 165.5</u>

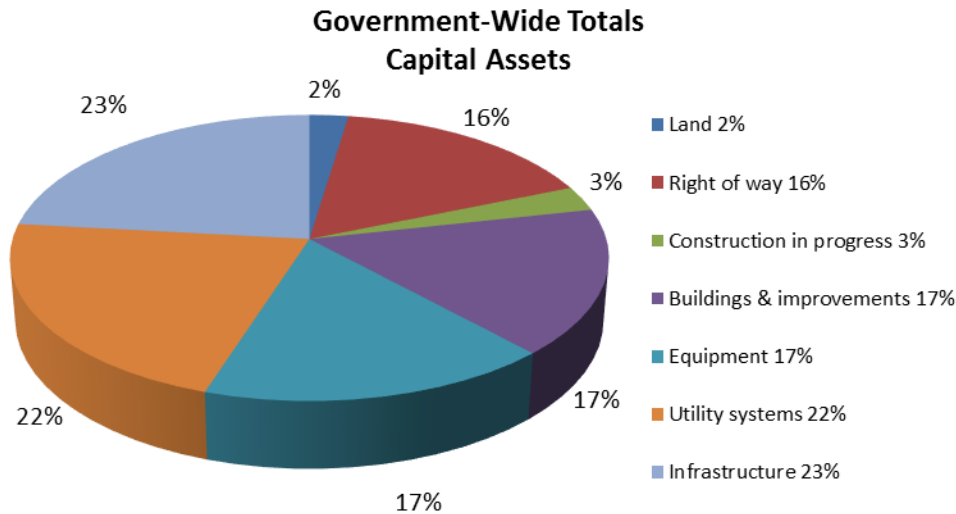
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Major capital asset events during the current fiscal year included the following:

- The City received developer-contributed infrastructure from two developments, which completed in 2018-19. These developers contributed a total of \$1.0 million of infrastructure in the current year.
- Depreciation expense for 2018-19 was \$6,738,544.
- The City continued work on the Public Safety Communication Upgrade, expending a total of \$1.0 million of the anticipated \$3.1 million total project cost.
- The City completed work on the Villa Road widening and improvements, a total project cost of over \$5.0 million over multiple fiscal years.
- The City sold the Animal Shelter building, equipment, and land to the Newberg Animal Shelter Friends (NASF). The net book value of the assets disposed of totaled \$0.7 million. The proceeds paid to the City, after netting out a credit for funds originally raised by NASF totaled \$0.2 million.

Additional information on the City’s capital assets can be found in the Notes to the Basic Financial Statements on page 39 of this report.



**Debt.** As of June 30, 2019, the City had a total long-term debt obligation of \$38.6 million. Of this amount, \$8.0 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$2.2 million to be serviced by the City Hall fee and internal charges to departments and \$5.8 million serviced by user fees and SDCs. The City is also paying down a private placement bank loan with a remaining balance of \$2.9 million for the public safety communication upgrade projects to be repaid by General Fund revenue. All of these debts are backed by the full faith and credit of the City.



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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
FF&C Bonds-2015 Refunding	\$ 0.2	\$ 0.4	\$ 5.8	\$ 7.0	\$ 6.0	\$ 7.4
FF&C public safety financing	2.9	3.2	-	-	2.9	3.2
Limited tax bonds	2.0	2.2	-	-	2.0	2.2
Notes payable	1.3	1.4	26.2	27.8	27.5	29.2
Capital leases	0.1	-	-	-	0.1	-
Total	<u>\$ 6.5</u>	<u>\$ 7.2</u>	<u>\$ 32.0</u>	<u>\$ 34.8</u>	<u>\$ 38.5</u>	<u>\$ 42.0</u>

The City received an AA credit rating from Standard & Poors on the 2015 Refunding. This is equivalent to a two-notch increase over the rating received by Moody's in 1998. The City's 2004 pension bond was reviewed by Moody's in July 2018 and was upgraded from Aa3 to Aa2.

Additional information on the City's debt and other long-term obligations can be found in the Notes to the Basic Financial Statements on page 42 of this report.

**ECONOMIC FACTORS**

The following economic factors currently affect the City of Newberg:

- The unemployment rate for Yamhill County is currently 3.6%, which continues a downward trend from prior years. This rate has decreased over the last eight years after spiking at a high around 13.2% in 2009, and the 2019 rate is now the lowest in over 30 years.
- The City's taxable assessed value (TAV) for 2019-20 increased by \$133 million (7.0%) over the 2018-19 certified tax roll. This growth rate was up from the TAV increase of 2.67% in 2018-19 tax year. The 2017-18 TAV was adjusted downward in June 2018 (post-certification) primarily due to the settlement of a longstanding dispute between Comcast and the State of Oregon, as well as an adjustment to Frontier and an assessment error on another Newberg business.
- The City's private retirement plan contribution rate increased for 2018-19 from 34.22% to 36.8%. Additionally, this rate increased to 37.97% for the 2019-20 fiscal year. The rate for 2020-21 will be 44.28%.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2019*

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- Employer contribution rates for Oregon PERS continue to increase. The rates for Oregon PERS increased by an additional 1.67-2.08% of subject payroll for the 2019-21 biennium. The December 2019 advisory rates released from Oregon PERS for the 2021-23 biennium reflect an additional 3.05-5.26% of subject payroll.
- Health care costs increases will rise in fiscal year 2019-20 by 3-5%, which is less than cost escalation in previous years. Additionally, in 2019-20 a second health insurance plan is being offered to employees through Kaiser.
- Non-represented and police collective bargaining unit pay scales received a cost of living increase of 3.0% effective July 1, 2019. The public works collective bargaining agreement was approved in January 2018 for three years which includes a cost of living adjustment of 2.5% effective January 1, 2020.

**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  
(503) 537-1216  
[www.newbergoregon.gov/finance](http://www.newbergoregon.gov/finance)

## **BASIC FINANCIAL STATEMENTS**

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS

- **Statement of Net Position** - Statement presenting all of the City's assets, net outflows of resources, liabilities, and net inflows of resources, with the difference reported as net position. This statement is split between governmental and business-type activities.
- **Statement of Activities** - Statement reporting the changes in net position of the City's governmental and business-type activities.

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## City of Newberg, Oregon

### STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 17,528,158	\$ 32,681,794	\$ 50,209,952
Receivables	1,558,311	1,898,377	3,456,688
Internal balances	(456,462)	456,462	-
Inventories	87,837	244,285	332,122
Other postemployment benefits asset	40,368	15,235	55,603
Capital assets:			
Land and construction in progress	30,068,242	5,329,330	35,397,572
Other capital assets, net of depreciation	45,856,090	82,444,686	128,300,776
<b>Total assets</b>	<b>94,682,544</b>	<b>123,070,169</b>	<b>217,752,713</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related items	4,838,467	2,479,873	7,318,340
Other postemployment benefits related items	44,980	14,632	59,612
Deferred refunding charge	31,602	242,658	274,260
<b>Total deferred outflows of resources</b>	<b>4,915,049</b>	<b>2,737,163</b>	<b>7,652,212</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	1,875,093	840,645	2,715,738
Contingent liability	69,516	-	69,516
Deposits	57,216	921	58,137
Interest payable	32,222	235,890	268,112
Long-term obligations:			
Due within one year	1,750,783	2,695,059	4,445,842
Due in more than one year	19,492,298	37,368,515	56,860,813
<b>Total liabilities</b>	<b>23,277,128</b>	<b>41,141,030</b>	<b>64,418,158</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related items	4,018,004	962,648	4,980,652
Other postemployment benefits related items	53,303	18,331	71,634
<b>Total deferred inflows of resources</b>	<b>4,071,307</b>	<b>980,979</b>	<b>5,052,286</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	72,704,092	56,059,282	128,763,374
Restricted for:			
Capital projects	5,098,966	7,070,877	12,169,843
Debt service	3,793	-	3,793
Public safety	153,052	-	153,052
Street maintenance	2,398,120	-	2,398,120
Other purposes	2,120,205	-	2,120,205
Unrestricted	(10,229,070)	20,555,164	10,326,094
<b>Total net position</b>	<b>\$ 72,249,158</b>	<b>\$ 83,685,323</b>	<b>\$ 155,934,481</b>

*See accompanying notes*

## City of Newberg, Oregon

### STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental activities:</u>				
General government	\$ 1,030,070	\$ 1,492,422	\$ 203,030	\$ -
Public safety	9,157,630	1,758,612	19,644	-
Library	1,837,917	123,031	52,476	-
Community development	6,020,860	2,989,347	1,996,488	2,603,568
Interest on long-term obligations	277,987	-	-	-
Total governmental activities	18,324,464	6,363,412	2,271,638	2,603,568
<u>Business-type activities:</u>				
Water	5,332,789	6,163,544	-	856,013
Wastewater	8,351,624	8,502,636	-	1,634,093
Stormwater	1,449,335	1,694,657	-	311,582
Emergency medical services	36,231	-	-	-
Total business-type activities	15,169,979	16,360,837	-	2,801,688
Totals	\$ 33,494,443	\$ 22,724,249	\$ 2,271,638	\$ 5,405,256

General revenues:

Taxes:

Property taxes

Franchise and public service taxes

Interest and investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Special Item: disposal of fire & EMS services

Special Item: sale of animal shelter

Transfers

Total general revenues and transfers

Change in net position

Net position-beginning

Prior period adjustment

Net position--ending

*See accompanying notes*



Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ 665,382	\$ -	\$ 665,382
(7,379,374)	-	(7,379,374)
(1,662,410)	-	(1,662,410)
1,568,543	-	1,568,543
(277,987)	-	(277,987)
<u>(7,085,846)</u>	<u>-</u>	<u>(7,085,846)</u>
-	1,686,768	1,686,768
-	1,785,105	1,785,105
-	556,904	556,904
-	(36,231)	(36,231)
-	3,992,546	3,992,546
<u>(7,085,846)</u>	<u>3,992,546</u>	<u>(3,093,300)</u>
4,598,319	-	4,598,319
3,968,873	-	3,968,873
461,112	761,810	1,222,922
135,277	-	135,277
225,229	1,010	226,239
(1,493,827)	(55,776)	(1,549,603)
(446,307)	29,727	(416,580)
187,754	(187,754)	-
<u>7,636,430</u>	<u>549,017</u>	<u>8,185,447</u>
550,584	4,541,563	5,092,147
71,676,692	79,136,523	150,813,215
21,882	7,237	29,119
<u>\$ 72,249,158</u>	<u>\$ 83,685,323</u>	<u>\$ 155,934,481</u>

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## FUND FINANCIAL STATEMENTS

### **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.
- **Street Capital Projects** - accounts for street capital projects. Resources are derived from transfers from the Street Fund, street systems development charges, and grant revenues.
- **Nonmajor Funds** – includes seven special revenue funds, two debt service funds, and two capital projects funds that are collectively reported as nonmajor funds.

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**City of Newberg, Oregon**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2019

	General	Street	Building Inspection	Street Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,409,460	\$ 2,154,707	\$ 1,768,226	\$ 537,323	\$ 6,152,571	\$ 15,022,287
Receivables:						
Accounts	394,858	263,546	-	-	390,044	1,048,448
Loans	-	-	-	-	97,078	97,078
Assessments	-	-	-	-	46,819	46,819
Taxes	360,965	-	-	-	3,447	364,412
Due from other funds	9,891	-	-	-	-	9,891
Inventories	-	65,492	-	-	-	65,492
<b>Total assets</b>	<b>\$ 5,175,174</b>	<b>\$ 2,483,745</b>	<b>\$ 1,768,226</b>	<b>\$ 537,323</b>	<b>\$ 6,689,959</b>	<b>\$ 16,654,427</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 92,192	\$ 54,084	\$ 12,595	\$ 333,722	\$ 131,217	\$ 623,810
Other accrued liabilities	207,728	11,947	11,479	-	16,670	247,824
Due to other funds	-	-	-	-	9,891	9,891
Deposits	37,622	19,594	-	-	-	57,216
Contingent liabilities (see footnote 4)	-	-	-	-	69,516	69,516
<b>Total liabilities</b>	<b>337,542</b>	<b>85,625</b>	<b>24,074</b>	<b>333,722</b>	<b>227,294</b>	<b>1,008,257</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	360,965	-	-	-	3,447	364,412
Unavailable revenue-loans	-	-	-	-	19,278	19,278
Unavailable revenue-sdc notes	-	-	-	-	77,800	77,800
Unavailable revenue-special assessments	-	-	-	-	46,819	46,819
<b>Total deferred inflows of resources</b>	<b>360,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,344</b>	<b>508,309</b>
<b>FUND BALANCES</b>						
Nonspendable	-	65,492	-	-	-	65,492
Restricted	-	2,332,628	1,744,152	-	5,503,798	9,580,578
Committed	-	-	-	203,601	738,861	942,462
Assigned	-	-	-	-	72,662	72,662
Unassigned	4,476,667	-	-	-	-	4,476,667
<b>Total fund balances</b>	<b>4,476,667</b>	<b>2,398,120</b>	<b>1,744,152</b>	<b>203,601</b>	<b>6,315,321</b>	<b>15,137,861</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,175,174</b>	<b>\$ 2,483,745</b>	<b>\$ 1,768,226</b>	<b>\$ 537,323</b>	<b>\$ 6,689,959</b>	<b>\$ 16,654,427</b>

*See accompanying notes*

## City of Newberg, Oregon

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

June 30, 2019

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

Total fund balances - governmental funds	\$ 15,137,861
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.	508,309
Net Other postemployment benefit assets are not financial resources and, therefore, are not reported in funds.	31,407
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,012,583
Governmental activities report as deferred outflows of resources payments to refunding bond escrow agent	31,602
Governmental activities report as deferred outflows of resources actuarially determined deferred outflows such as changes of assumptions and other actuarially calculated estimates and contributions related to the retirement plans for the year	3,235,624
Governmental activities report as deferred outflows of resources an actuarially calculated implicit employer subsidy for postemployment benefits for the year	37,095
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term debt	\$ (6,488,124)
Compensated absences	(774,832)
Net pension liability	(8,280,604)
Other postemployment benefits	(513,820)
Accrued interest	(32,222)
	(16,089,602)
Governmental activities report as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the retirement plans	(3,175,905)
Governmental activities report as deferred inflows the effect of changes of assumptions and inputs for actuarially calculated other postemployment benefit costs	(43,073)
Internal service funds are proprietary funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the statement of net position	(1,436,743)
Net position of governmental activities	\$ 72,249,158

*See accompanying notes*

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	General	Street	Building Inspection	Street Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 4,903,121	\$ -	\$ -	\$ -	\$ 12,721	\$ 4,915,842
Other taxes	3,401,415	-	-	-	1,146,441	4,547,856
Licenses and permits	707,864	98,414	843,604	-	47,876	1,697,758
Intergovernmental	1,154,858	1,983,413	-	-	580,082	3,718,353
Charges for services	154,595	1,169,500	63,675	8,100	1,782,968	3,178,838
Fines and forfeitures	610,114	-	-	-	1,456	611,570
Facilities charge	-	-	-	-	116,658	116,658
Pension bond charge	-	-	-	-	261,882	261,882
Loan collections - principal	-	-	-	-	12,466	12,466
Loan collections - interest	-	-	-	-	698	698
Assessments	-	-	-	-	25,356	25,356
Donations	-	-	-	-	48,773	48,773
Developer contributions	-	575,320	-	-	-	575,320
Interest	127,915	34,899	42,113	19,252	140,579	364,758
Miscellaneous	22,585	99,184	8	-	4,513	126,290
<b>Total revenues</b>	<b>11,082,467</b>	<b>3,960,730</b>	<b>949,400</b>	<b>27,352</b>	<b>4,182,469</b>	<b>20,202,418</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	202,505	-	-	-	700,470	902,975
Public safety	8,503,567	-	-	-	809,074	9,312,641
Library	1,810,101	-	-	-	60,471	1,870,572
Community development	1,022,704	1,264,818	640,225	-	216,057	3,143,804
<b>Debt service:</b>						
Principal	-	-	-	-	741,202	741,202
Interest	1,265	-	-	-	283,171	284,436
Capital outlay	-	-	-	3,020,911	1,023,053	4,043,964
<b>Total expenditures</b>	<b>11,540,142</b>	<b>1,264,818</b>	<b>640,225</b>	<b>3,020,911</b>	<b>3,833,498</b>	<b>20,299,594</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(457,675)</b>	<b>2,695,912</b>	<b>309,175</b>	<b>(2,993,559)</b>	<b>348,971</b>	<b>(97,176)</b>
<b>Other financing sources (uses)</b>						
Sale of capital assets	276,196	300	-	-	-	276,496
Proceeds from notes receivable	88,000	-	-	-	-	88,000
Transfers in	744,422	-	-	3,020,356	439,959	4,204,737
Transfers out	(339,838)	(1,520,717)	(16,810)	-	(2,377,404)	(4,254,769)
<b>Total other financing sources (uses)</b>	<b>768,780</b>	<b>(1,520,417)</b>	<b>(16,810)</b>	<b>3,020,356</b>	<b>(1,937,445)</b>	<b>314,464</b>
<b>Net change in fund balances</b>	<b>311,105</b>	<b>1,175,495</b>	<b>292,365</b>	<b>26,797</b>	<b>(1,588,474)</b>	<b>217,288</b>
Fund balances, July 1, 2018	4,165,562	1,222,625	1,451,787	176,804	7,903,795	14,920,573
<b>Fund balances, June 30, 2019</b>	<b>\$ 4,476,667</b>	<b>\$ 2,398,120</b>	<b>\$ 1,744,152</b>	<b>\$ 203,601</b>	<b>\$ 6,315,321</b>	<b>\$ 15,137,861</b>

*See accompanying notes*

## 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, 2019

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

Net change in fund balances - total governmental funds	\$	217,288
Governmental funds deferred 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		(317,523)
Notes and assessments		39,978
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 position.		746,394
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		(57,084)
Interest		5,771
Amortization of deferred refunding charges		(4,514)
Change in deferred outflows of resources related to Other postemployment benefits		(2,315)
Other postemployment benefits		(2,411)
Change in deferred inflows of resources related to Other postemployment benefits		(6,330)
Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		337,920
Interfund transfer of capital assets are reported as transfers in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		221,374
In the statement of activities, a special item relates to the disposal assets due to the transfer of fire services to TVF&R. The loss represents all of the fire assets sold or transferred to TVF&R.		(1,306,580)
In the statement of activities, a special item relates to the sale of the animal shelter. The net (loss) on the sale is reported as the special item while the gain or loss on sale of assets is reduced by the amount of proceeds received in the sale of the animal shelter. The total (loss) relates to the net book value of assets disposed.		
Special item - net loss on sale of the animal shelter		(446,307)
Proceeds on sale of capital assets relating to the animal shelter sale		(176,676)
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		2,848,886
Depreciation		(1,822,754)
The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflow of resources and deferred inflows of resources.		
Change in deferred outflows of resources		(602,479)
Change in net pension asset or liability		3,184,047
Change in deferred inflows of resources		(2,150,234)
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.		(155,867)
Change in net position of governmental activities	\$	550,584

***See accompanying notes***



**City of Newberg, Oregon**

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 4,784,286	\$ 4,784,286	\$ 4,903,121	\$ 118,835
Franchise fees	1,661,396	1,661,396	1,838,286	176,890
Licenses and permits	507,400	507,400	707,864	200,464
Intergovernmental	2,497,637	2,540,637	2,717,987	177,350
Charges for services	123,739	123,739	130,697	6,958
Fines and forfeitures	580,694	580,694	610,114	29,420
Interest	42,845	42,845	127,915	85,070
Miscellaneous	4,000	15,850	46,483	30,633
<b>Total revenues</b>	<b>10,201,997</b>	<b>10,256,847</b>	<b>11,082,467</b>	<b>825,620</b>
<u>Expenditures</u>				
General government	203,244	209,914	202,505	7,409
Municipal court	329,384	329,384	313,254	16,130
Police	7,063,190	7,075,040	6,978,026	97,014
Communications	1,333,066	1,333,066	1,212,287	120,779
Library	1,832,982	1,832,982	1,810,101	22,881
Planning	1,109,653	1,158,653	1,022,704	135,949
Debt Service				
Principal	-	-	63,270	(63,270)
Interest	-	-	1,265	(1,265)
Contingency	1,207,981	1,283,986	-	1,283,986
<b>Total expenditures</b>	<b>13,079,500</b>	<b>13,223,025</b>	<b>11,603,412</b>	<b>1,619,613</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,877,503)</b>	<b>(2,966,178)</b>	<b>(520,945)</b>	<b>(2,445,233)</b>
<u>Other financing sources (uses)</u>				
Proceeds from notes receivable	-	-	88,000	88,000
Sale of capital assets	1,000	89,675	276,196	366,871
Transfers in	717,324	717,324	744,422	27,098
Transfers out	(424,736)	(424,736)	(339,838)	84,898
<b>Total other financing sources (uses)</b>	<b>293,588</b>	<b>382,263</b>	<b>768,780</b>	<b>566,867</b>
<b>Net change in fund balance</b>	<b>(2,583,915)</b>	<b>(2,583,915)</b>	<b>247,835</b>	<b>2,831,750</b>
Fund balance, July 1, 2018	3,683,915	3,683,915	4,228,832	544,917
<b>Fund balance, June 30, 2019</b>	<b>\$ 1,100,000</b>	<b>\$ 1,100,000</b>	<b>\$ 4,476,667</b>	<b>\$ 3,376,667</b>

*See accompanying notes*

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 71,000	\$ 71,000	\$ 98,414	\$ 27,414
Intergovernmental	1,801,830	1,801,830	1,983,413	181,583
Charges for services	1,111,000	1,111,000	1,169,500	58,500
Developer contributions	-	-	575,320	575,320
Interest	9,000	9,000	34,899	25,899
Miscellaneous	-	-	99,184	99,184
<b>Total revenues</b>	<b>2,992,830</b>	<b>2,992,830</b>	<b>3,960,730</b>	<b>967,900</b>
<u>Expenditures</u>				
Public works	1,450,834	1,450,834	1,264,818	186,016
Contingency	955,160	364,575	-	364,575
<b>Total expenditures</b>	<b>2,405,994</b>	<b>1,815,409</b>	<b>1,264,818</b>	<b>550,591</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>586,836</b>	<b>1,177,421</b>	<b>2,695,912</b>	<b>1,518,491</b>
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	300	300
Transfers out	(1,256,000)	(1,846,585)	(1,520,717)	325,868
<b>Total other financing sources (uses)</b>	<b>(1,256,000)</b>	<b>(1,846,585)</b>	<b>(1,520,417)</b>	<b>326,168</b>
Net change in fund balance	(669,164)	(669,164)	1,175,495	1,844,659
Fund balance, July 01, 2018	669,164	669,164	1,222,625	553,461
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,398,120</b>	<b>\$ 2,398,120</b>

*See accompanying notes*

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 583,869	\$ 583,869	\$ 843,604	\$ 259,735
Charges for services	41,900	41,900	63,675	21,775
Interest	15,000	15,000	42,113	27,113
Miscellaneous	50	50	8	(42)
<b>Total revenues</b>	<b>640,819</b>	<b>640,819</b>	<b>949,400</b>	<b>308,581</b>
<u>Expenditures</u>				
Building inspection	678,588	678,588	640,225	38,363
Contingency	1,236,534	1,236,534	-	1,236,534
<b>Total expenditures</b>	<b>1,915,122</b>	<b>1,915,122</b>	<b>640,225</b>	<b>1,274,897</b>
 Excess (deficiency) of revenues over expenditures	 (1,274,303)	 (1,274,303)	 309,175	 1,583,478
<u>Other financing sources (uses)</u>				
Transfers Out	(16,810)	(16,810)	(16,810)	-
<b>Total other financing sources (uses)</b>	<b>(16,810)</b>	<b>(16,810)</b>	<b>(16,810)</b>	<b>-</b>
 Net change in fund balance	 (1,291,113)	 (1,291,113)	 292,365	 1,583,478
Fund balance, July 01, 2018	1,291,113	1,291,113	1,451,787	160,674
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,744,152</b>	<b>\$ 1,744,152</b>

*See accompanying notes*

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## FUND FINANCIAL STATEMENTS

### Proprietary Funds

The City of Newberg utilizes six proprietary funds including 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, the water, wastewater, and stormwater activities are accounted for in the following separate funds:

- **Water**
  - Water (operating)
  - Water System Development
- **Wastewater**
  - Wastewater (operating)
  - Wastewater System Development
- **Stormwater**
  - Stormwater (operating)
  - Stormwater System Development

The **Proprietary Capital Projects Fund** has transactions related to all three enterprise activities. The transactions have been aggregated accordingly, for reporting purposes.

For fund financial statement purposes, these funds and the **Emergency Medical Services Fund** are included as four separate enterprise funds.

**City of Newberg, Oregon**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2019

	Business-type Activities				Governmental	
	Water	Waste-water	Storm-water	Emergency Medical Services	Total Enterprise Funds	
					Internal Service Funds	
<b>ASSETS</b>						
<u>Current assets</u>						
Cash and cash equivalents	\$ 12,157,688	\$ 17,885,095	\$ 1,100,184	\$ -	\$ 31,142,967	\$ 4,044,698
Accounts and notes receivable, net	829,887	909,689	158,801	-	1,898,377	1,554
Inventory	193,951	50,334	-	-	244,285	22,345
<b>Total current assets</b>	<b>13,181,526</b>	<b>18,845,118</b>	<b>1,258,985</b>	<b>-</b>	<b>33,285,629</b>	<b>4,068,597</b>
<u>Noncurrent assets</u>						
Other postemployment benefits asset	5,623	7,218	2,394	-	15,235	8,961
Land and construction in progress	1,438,679	2,579,961	1,310,690	-	5,329,330	-
Other capital assets, net of depreciation	26,980,032	47,356,640	8,108,014	-	82,444,686	1,911,749
<b>Total noncurrent assets</b>	<b>28,424,334</b>	<b>49,943,819</b>	<b>9,421,098</b>	<b>-</b>	<b>87,789,251</b>	<b>1,920,710</b>
<b>Total assets</b>	<b>41,605,860</b>	<b>68,788,937</b>	<b>10,680,083</b>	<b>-</b>	<b>121,074,880</b>	<b>5,989,307</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Pension related items	885,276	1,266,984	327,613	-	2,479,873	1,602,843
Other postemployment benefits related items	6,578	6,309	1,745	-	14,632	7,885
Deferred refunding charge	218,733	23,925	-	-	242,658	-
<b>Total deferred outflows of resources</b>	<b>1,110,587</b>	<b>1,297,218</b>	<b>329,358</b>	<b>-</b>	<b>2,737,163</b>	<b>1,610,728</b>
<u>LIABILITIES</u>						
<u>Current liabilities</u>						
Accounts payable and accrued liabilities	298,328	432,136	5,838	-	736,302	96,510
Payroll liabilities	37,547	51,087	16,630	-	105,264	906,949
Interest payable	50,568	185,322	-	-	235,890	-
Compensated absences	115,037	125,179	38,795	-	279,011	213,474
Current portion of capital leases payable	-	-	-	-	-	47,963
Current portion of notes payable	1,040,631	1,375,417	-	-	2,416,048	-
<b>Total current liabilities</b>	<b>1,542,111</b>	<b>2,169,141</b>	<b>61,263</b>	<b>-</b>	<b>3,772,515</b>	<b>1,264,896</b>
<u>Long-term obligations</u>						
Capital leases payable, net of current portion	-	-	-	-	-	75,175
Notes payable, net of current portion	6,134,525	23,406,819	-	-	29,541,344	-
Net pension liability	2,718,091	3,924,319	972,723	-	7,615,133	4,732,380
Other postemployment benefits liability	91,303	93,543	27,192	-	212,038	116,709
<b>Total long-term obligations</b>	<b>8,943,919</b>	<b>27,424,681</b>	<b>999,915</b>	<b>-</b>	<b>37,368,515</b>	<b>4,924,264</b>
<b>Total liabilities</b>	<b>10,486,030</b>	<b>29,593,822</b>	<b>1,061,178</b>	<b>-</b>	<b>41,141,030</b>	<b>6,189,160</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Pension related items	344,105	452,741	165,802	-	962,648	842,099
Other postemployment benefits related items	7,665	8,208	2,458	-	18,331	10,230
<b>Total deferred inflows of resources</b>	<b>351,770</b>	<b>460,949</b>	<b>168,260</b>	<b>-</b>	<b>980,979</b>	<b>852,329</b>
<u>NET POSITION</u>						
Net investment in capital assets	21,462,288	25,178,290	9,418,704	-	56,059,282	1,788,611
Restricted for:						
System expansion	244,642	6,629,076	197,159	-	7,070,877	-
Unrestricted	10,171,717	8,224,018	164,140	-	18,559,875	(1,230,065)
<b>Total net position</b>	<b>\$ 31,878,647</b>	<b>\$ 40,031,384</b>	<b>\$ 9,780,003</b>	<b>\$ -</b>	<b>81,690,034</b>	<b>\$ 558,546</b>

Adjustment to reflect the combination of internal service fund activities related to enterprise funds.

Net position of business-type activities

1,995,289

\$ 83,685,323

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2019

	Business-type Activities					Governmental
	Water	Waste-water	Storm-water	Emergency Medical Services	Total Enterprise Funds	Internal Service Funds
<u>Operating revenues</u>						
Charges for services, net	\$ 6,125,068	\$ 8,487,647	\$ 1,681,553	\$ -	\$ 16,294,268	\$ 5,988,603
Miscellaneous	38,476	14,989	13,104	-	66,569	269
Total operating revenues	6,163,544	8,502,636	1,694,657	-	16,360,837	5,988,872
<u>Operating expenses</u>						
Personal services	1,602,678	2,309,941	627,952	-	4,540,571	3,258,973
Materials and services	2,374,097	2,957,070	529,011	-	5,860,178	1,958,315
Depreciation and amortization	1,335,455	2,791,491	319,394	36,231	4,482,571	433,219
Total operating expenses	5,312,230	8,058,502	1,476,357	36,231	14,883,320	5,650,507
Operating income (loss)	851,314	444,134	218,300	(36,231)	1,477,517	338,365
<u>Nonoperating revenues (expenses)</u>						
Interest income	297,162	442,473	22,175	-	761,810	95,656
Interest expense	(224,686)	(518,435)	-	-	(743,121)	-
Gain (loss) on sale of capital assets	300	410	300	-	1,010	37,409
Total nonoperating revenues (expenses)	72,776	(75,552)	22,475	-	19,699	133,065
Income (loss) before capital contributions and transfers	924,090	368,582	240,775	(36,231)	1,497,216	471,430
Capital contributions	856,013	1,634,093	311,582	-	2,801,688	-
Special item: disposal of fire & EMS	-	-	-	(55,776)	(55,776)	(187,247)
Special item: sale of animal shelter	-	29,727	-	-	29,727	-
Transfers in	36,982	-	-	-	36,982	16,412
Transfers out	-	(87,319)	-	(134,055)	(221,374)	(3,362)
Change in net position	1,817,085	1,945,083	552,357	(226,062)	4,088,463	297,233
Net position, July 1, 2018	30,058,377	38,083,144	9,226,751	226,062	77,594,334	257,372
Prior period adjustment	3,185	3,157	895	-	7,237	3,941
Net position, June 30, 2019	\$31,878,647	\$40,031,384	\$ 9,780,003	\$ -	81,690,034	\$ 558,546
Adjustment to reflect the combination of internal service fund activities related to enterprise funds.					453,100	
Change in net position of business-type activities					\$ 4,541,563	

*See accompanying notes*

**City of Newberg, Oregon**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	Business-type Activities					Governmental
	Water	Waste-water	Storm-water	Emergency Medical Services	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities</b>						
Cash received from customers	\$ 6,094,083	\$ 8,450,485	\$ 1,664,417	\$ -	\$ 16,208,985	\$ -
Cash received from other funds	-	-	-	-	-	5,991,980
Cash paid to suppliers	(2,182,651)	(2,902,305)	(573,796)	-	(5,658,752)	(1,979,540)
Cash paid to employees	(1,565,909)	(2,131,474)	(741,229)	-	(4,438,612)	(2,963,622)
Other receipts	38,476	14,989	13,104	-	66,569	269
<b>Net cash provided by (used in) operating activities</b>	<b>2,383,999</b>	<b>3,431,695</b>	<b>362,496</b>	<b>-</b>	<b>6,178,190</b>	<b>1,049,087</b>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	36,982	-	-	-	36,982	16,412
Transfers out	-	-	-	-	-	(3,362)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>36,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,982</b>	<b>13,050</b>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from loans	-	-	-	-	-	146,496
Interfund loan principal repayments	63,270	-	-	-	63,270	-
Principal paid on long-term obligations	(965,575)	(1,740,881)	-	-	(2,706,456)	(39,346)
Interest paid on long-term obligations	(246,419)	(565,661)	-	-	(812,080)	-
Purchases of capital assets	(389,384)	(2,424,013)	(6,947)	-	(2,820,344)	(534,841)
Sale of capital assets	300	59,244	300	-	59,844	42,285
Developer contributions	655,478	1,362,524	55,812	-	2,073,814	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(882,330)</b>	<b>(3,308,787)</b>	<b>49,165</b>	<b>-</b>	<b>(4,141,952)</b>	<b>(385,406)</b>
<b>Cash flows from investing activities</b>						
Interest received on investments	297,162	442,473	22,175	-	761,810	95,656
<b>Net cash provided by investment activities</b>	<b>297,162</b>	<b>442,473</b>	<b>22,175</b>	<b>-</b>	<b>761,810</b>	<b>95,656</b>
Net increase (decrease) in cash and cash equivalents	1,835,813	565,381	433,836	-	2,835,030	772,387
Cash and cash equivalents, July 1, 2018	10,321,875	17,319,714	666,348	-	28,307,937	3,272,311
<b>Cash and cash equivalents, June 30, 2019</b>	<b>\$ 12,157,688</b>	<b>\$ 17,885,095</b>	<b>\$ 1,100,184</b>	<b>\$ -</b>	<b>\$ 31,142,967</b>	<b>\$ 4,044,698</b>

Reconciliation of operating income (loss)

to net cash provided by (used in) operating activities:

Operating income (loss)	\$ 851,314	\$ 444,134	\$ 218,300	\$ (36,231)	\$ 1,477,517	\$ 338,365
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>						
Depreciation and amortization	1,335,455	2,791,491	319,394	36,231	4,482,571	433,219
(Increase) decrease in OPEB related items	1,989	2,878	1,007	-	5,874	3,565
(Increase) decrease in notes receivable	(17,401)	(86,984)	-	-	(104,385)	-
(Increase) decrease in accounts receivable	(30,909)	(36,931)	(17,136)	355	(84,621)	3,377
(Increase) decrease in pension related items	32,451	178,544	(101,061)	-	109,934	119,097
(Increase) decrease in inventory	(10,343)	(5,885)	-	-	(16,228)	(1,167)
Increase (decrease) in accounts payable	201,789	60,650	(44,785)	-	217,654	(20,058)
Increase (decrease) in payroll liabilities	1,564	3,189	(420)	-	4,333	171,618
Increase (decrease) in due to other funds	-	-	-	(355)	(355)	-
Increase (decrease) in deferred revenue	(76)	(231)	-	-	(307)	-
Increase (decrease) in compensated absences	765	(6,144)	(12,803)	-	(18,182)	1,071
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,366,598</b>	<b>\$ 3,344,711</b>	<b>\$ 362,496</b>	<b>\$ -</b>	<b>\$ 6,073,805</b>	<b>\$ 1,049,087</b>

**Schedule of noncash capital and related financing activities**

Transfers	\$ -	\$ (87,319)	\$ -	\$ (134,055)	\$ (221,374)	\$ -
Developer contributed capital assets	186,675	187,846	255,770	-	630,291	-
Special item - disposal of fire & EMS services	-	-	-	(55,776)	(55,776)	(187,247)

*See accompanying notes*



## **FUND FINANCIAL STATEMENTS**

### **Fiduciary Funds**

- **Statement of Fiduciary Net Position** - Statement summarizing the assets of the City's retirement plan and the Bail Fund
- **Statement of Changes in Fiduciary Net Position** - 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, 2019

	Employees Retirement Plan Trust	Agency
	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>		
Cash	\$ -	\$ 73,604
Investments		
Pooled separate accounts with Principal Financial Group	21,488,934	-
<b>Total assets</b>	<b>21,488,934</b>	<b>73,604</b>
<u>LIABILITIES</u>		
Accounts payable	-	8,558
Due to others	-	65,046
<b>Total liabilities</b>	<b>-</b>	<b>\$ 73,604</b>
<u>NET POSITION</u>		
<b>Net position restricted for pensions</b>	<b>\$ 21,488,934</b>	

*See accompanying notes*

## City of Newberg, Oregon

### STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

For the year ended June 30, 2019

		Employees Retirement Plan Trust
<u>Additions</u>		
Contributions		
Employer	\$	1,377,490
Plan members		228,135
Total contributions		1,605,625
Investment earnings		
Net appreciation in the fair value of investments		1,278,288
Total investment earnings		1,278,288
Total additions		2,883,913
<u>Deductions</u>		
Benefits		
		1,914,168
Administrative expenses		
		109,740
Total deductions		2,023,908
Change in net position		860,005
Net position, beginning		20,628,929
Net position, ending	\$	21,488,934

*See accompanying notes*

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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, 2019

### 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, amended in November 2006, and again in November 2017. 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, deferred outflows, liabilities, deferred inflows, 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.

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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

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 in 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, as amended by GASB 65, 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 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 protection, communications, library, and planning.

- *Street*

This special revenue fund accounts for revenues received from state gasoline taxes and City transportation utility fees. 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 special revenue 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.

- *Street Capital Projects*

This fund accounts for street capital projects. Resources are derived from transfers from the Street Fund, Street Systems Development Fund, grants, and bond proceeds.

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, 2019

The City reports the following proprietary funds:

- *Water*  
Water Fund (budgetary basis financial statements only)  
Water System Development Fund (budgetary basis financial statements only)
- *Wastewater*  
Wastewater Fund (budgetary basis financial statements only)  
Wastewater System Development 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 Projects* – 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 the Vehicle/Equipment Replacement Fund. 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 by the City, in a custodial capacity, related to the City's Municipal Court.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **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 changes in 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.

Unavailable revenue arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operations 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 amount reported on the governmental funds balance sheet for unavailable revenue is eliminated in the government-wide financial statements.

Similar to the way their 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, 2019

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

#### **Cash and Investments**

Investments included in cash and cash equivalents 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 cash equivalents is allocated monthly based on each funds ending cash balance as a proportion of the City's total pooled cash and cash equivalents. 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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments in the pension trust fund are held in pooled separate accounts with Principal Financial Group and are stated at fair value. These pooled separate accounts are different than an external investment pool and function similarly to a mutual fund but legally separate accounts.

#### **Receivables**

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables 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."

Property taxes that are collected within 30 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining taxes receivable 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

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

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.

Assessment liens 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.

Charges for services by 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 past experience, it has concluded that realization of losses on balances outstanding at year-end will be immaterial.

### **Inventories**

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

### **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost, if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. 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.

### **Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absences are accrued as earned. There is no liability reported for unpaid accumulated sick leave since the City, by policy, does not pay accumulated sick leave when employees separate from service with the City. Sick leave, which does not vest, is recognized in all funds when leave is taken. All vacation leave is recorded when incurred in the government-wide and proprietary fund financial statements. For governmental activities, compensated absences are generally liquidated by the fund that incurred the liability. The significant fund incurring these liabilities is the General Fund. As compensated absences are due and payable on demand, they are considered due within one year.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **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 deferred amounts on refunding are amortized over the life of the bonds, if material. Issuance costs are reported as period costs in the year of issue.

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 activities 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.

### **Other Postemployment Benefit Obligations – City-County Insurance Services (CCIS)**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the City has relied on actuarial reports. The City allows retired employees to purchase health insurance at the same rates as active employees.

### **Other Postemployment Benefit Obligations – Retirement Health Insurance Account (RHIA)**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

### **Pension Obligations – Oregon Public Employees Retirement System (OPERS)**

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Pension Obligations – Newberg Employees Retirement Plan System (NERPS)**

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of NERPS and additions to/deductions from NERPS fiduciary net position have been actuarially determined. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Deferred Outflows / Inflows of Resources**

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. These include refunded debt charges, OPEB related items, and pension related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element represents amounts that apply to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Pension and OPEB related items which are amortized over specified periods are reported as deferred inflows of resources.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

The balance sheet for governmental funds reports unavailable revenues from property taxes as deferred inflows. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

### **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.”

### **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 or ordinance at any time through passage of an additional resolution or ordinance.

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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

### **Retirement Plan**

Many 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's financial statements, management makes 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.

### **Adoption of New GASB Pronouncements**

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, was issued by GASB in April 2018. Statement No. 88 establishes new footnote reporting requirements for debt. The City adopted this new pronouncement in the current year and, accordingly, has added information related to assets pledged as collateral as well as terms specified in debt agreements relating to events of default, termination events, and subjective acceleration clauses. See Long Term Obligations footnote disclosures for more detail.

## **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 appointed 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 than 10 percent by council without publishing a notice of a second budget hearing and financial summary and holding such hearing. 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 program (ex. general government, police, etc), special payments, debt service and transfers 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 is required to be approved by the city council and may require a public hearing depending on dollar thresholds defined by state law. 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

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

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, 2019, the city council approved two supplemental budget resolutions.

### 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.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:				
Debt Service	\$0	\$0	\$64,535	(\$64,535)

### 3. DETAILED NOTES ON ALL FUNDS

#### Pooled Deposits and Investments

The City maintains pooled cash and cash equivalents for 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 cash equivalents”. 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 was reviewed 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.

The City has the following recurring fair value measurements as of June 30, 2019:

- Pooled separate accounts with Principal Financial Group of \$21,488,934 are valued using net asset value as a practical expedient to fair value (Level 2 inputs)

Cash, cash equivalents, and investments are comprised of the following at June 30, 2019:

Cash on hand	\$	1,875
Cash with county treasurer		54,058
Deposits with financial institutions		1,484,091
Local government investment pool		48,743,532
Investments		<u>21,488,934</u>
 Total cash, cash equivalents, and investments	 \$	 <u><u>71,772,490</u></u>



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

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 investment in the LGIP is stated at cost, which approximates fair value.

### **Credit Risk**

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

As of June 30, 2019, the City had the following investment:

Investments	Maturities	Total	Fair Value	Credit Risk
Pooled Separate Accounts with Principal Financial Group (Pension Trust)	N/A	\$ 21,488,934	\$ 21,488,934	Various

### **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. Investments in pooled separate accounts are not evidenced by securities. Accordingly, the custodial credit risk disclosures related to the investments are not applicable. 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 Des Moines in the name of the institution. As of June 30, 2019, none 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, 2019

The City's deposits and investments by activity/fund are as follows:

#### Governmental funds/activities

General	\$	4,409,460
Street		2,154,707
Building inspection		1,768,226
Street capital projects		537,323
Nonmajor governmental		<u>6,152,571</u>
Total governmental funds		15,022,287
Internal service fund cash allocated to governmental activities		<u>2,505,871</u>
Total governmental activities		<u>17,528,158</u>

#### Business-type activities/Enterprise funds

Enterprise		
Water		12,157,688
Wastewater		17,885,095
Stormwater		<u>1,100,184</u>
Total enterprise funds		31,142,967
Internal service fund cash allocated to business-type activities		<u>1,538,827</u>
Total business-type activities		<u>32,681,794</u>

#### Fiduciary funds

Employees retirement plan trust		21,488,934
Agency		<u>73,604</u>
Total fiduciary funds		<u>21,562,538</u>
Total cash and cash equivalents	\$	<u><u>71,772,490</u></u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### Receivables

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. Receivables as of year-end for the City's individual, major, and non-major funds in the aggregate are as follows:

Activities/Funds	Accounts	Loans	Assessments	Taxes	Total
<b>Governmental activities/funds</b>					
General	\$ 394,858	\$ -	\$ -	\$ 360,965	\$ 755,823
Street	263,546	-	-	-	263,546
Nonmajor	390,044	97,078	46,819	3,447	537,388
Internal service	<u>1,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554</u>
Total governmental activities/funds	<u>1,050,002</u>	<u>97,078</u>	<u>46,819</u>	<u>364,412</u>	<u>1,558,311</u>
<b>Business-type activities/funds</b>					
Water	774,056	17,401	38,430	-	829,887
Wastewater	820,505	86,984	2,200	-	909,689
Stormwater	<u>158,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,801</u>
Total business-type activities/funds	<u>1,753,362</u>	<u>104,385</u>	<u>40,630</u>	<u>-</u>	<u>1,898,377</u>
Total Receivables	<u>\$ 2,803,364</u>	<u>\$ 201,463</u>	<u>\$ 87,449</u>	<u>\$ 364,412</u>	<u>\$ 3,456,688</u>

Court fines in the amount of \$6,405,581 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, 2019

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

The interfund transfer activity for fiscal year ended June 30, 2019 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>Governmental funds:</u>		
General	\$ 744,422	\$ 339,838
Street	-	1,520,717
Building inspection	-	16,810
Street capital projects	3,020,356	-
Nonmajor	439,959	2,377,404
Governmental activities - non-cash	221,374	-
<u>Proprietary funds:</u>		
Water	36,982	-
Wastewater - non-cash	-	87,319
Stormwater	-	-
EMS - non-cash	-	134,055
Internal service funds	<u>16,412</u>	<u>3,362</u>
Totals	<u>\$ 4,479,505</u>	<u>\$ 4,479,505</u>

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

In 2012, 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 was being repaid with annual payments over 10 fiscal years beginning in June of 2012 at an interest rate of 2%. In the fiscal year 2018-19, the Animal Shelter was sold and the balance of this loan was immediately paid in full upon receiving the funds.

#### **Capital asset related transfers**

In 1996, a building addition was made to Fire Station 20 and recorded in the EMS Fund. In the current fiscal year the asset, with a net book value of \$134,055, was transferred from the EMS Fund to the General Fund in order to close out the EMS Fund in conjunction with the consolidation of Fire and EMS services to Tualatin Valley Fire & Rescue (TVF&R). See the special items footnote for more detail on the transfer of assets to TVF&R.

In the current fiscal year, land worth \$87,319 was transferred to the General fund from the Wastewater Fund in relation to the sale of the Animal Shelter. See the special items footnote for more detail on the sale of the animal shelter.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

#### Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2019 was as follows:

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 1,248,373	\$ 87,319	\$ (92,019)	\$ 1,243,673
Right of way	26,831,118	-	-	26,831,118
Construction in progress	<u>3,859,200</u>	<u>2,803,372</u>	<u>(4,669,121)</u>	<u>1,993,451</u>
Total capital assets not being depreciated	<u>31,938,691</u>	<u>2,890,691</u>	<u>(4,761,140)</u>	<u>30,068,242</u>
Capital assets being depreciated:				
Buildings and improvements	12,506,348	309,828	(2,030,801)	10,785,375
Equipment	10,818,208	646,885	(3,266,354)	8,198,739
Infrastructure	<u>70,607,804</u>	<u>4,904,888</u>	<u>-</u>	<u>75,512,692</u>
Total capital assets being depreciated	<u>93,932,360</u>	<u>5,861,601</u>	<u>(5,297,155)</u>	<u>94,496,806</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,254,888)	(431,529)	699,795	(4,986,622)
Equipment	(8,273,987)	(566,651)	2,567,692	(6,272,946)
Infrastructure	<u>(35,983,206)</u>	<u>(1,397,942)</u>	<u>-</u>	<u>(37,381,148)</u>
Total accumulated depreciation*	<u>(49,512,081)</u>	<u>(2,396,122)</u>	<u>3,267,487</u>	<u>(48,640,716)</u>
Total capital assets being depreciated, net	<u>44,420,279</u>	<u>3,465,479</u>	<u>(2,029,668)</u>	<u>45,856,090</u>
Governmental activities capital assets, net	<u>\$ 76,358,970</u>	<u>\$ 6,356,170</u>	<u>\$ (6,790,808)</u>	<u>\$ 75,924,332</u>

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

General government	\$ 116,114
Public safety	308,878
Library	44,314
Community development	1,353,448
Depreciation incurred in internal service funds charged to various governmental functions/programs	<u>433,219</u>
Total*	<u>\$ 2,255,973</u>

Capital assets of the internal service funds are included in the governmental activities. For the fiscal year ended June 30, 2019, internal service fund capital assets, net of depreciation were \$1,911,749.

\* The difference between accumulated depreciation additions and actual depreciation expense for governmental activities charged to functions is \$140,149, resulting from the accumulated depreciation of the asset transferred from the EMS Fund.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

Capital asset activity for business-type activities for the year ended June 30, 2019 was as follows:

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 2,794,292	\$ 36,983	\$ (116,426)	\$ 2,714,849
Construction in progress	3,010,348	2,578,369	(2,974,236)	2,614,481
Total capital assets not being depreciated	<u>5,804,640</u>	<u>2,615,352</u>	<u>(3,090,662)</u>	<u>5,329,330</u>
Capital assets being depreciated:				
Buildings and improvements	45,473,029	102,554	(291,012)	45,284,571
Equipment	41,564,204	1,601,206	(1,091,104)	42,074,306
Utility systems	54,506,060	2,105,760	-	56,611,820
Total capital assets being depreciated	<u>141,543,293</u>	<u>3,809,520</u>	<u>(1,382,116)</u>	<u>143,970,697</u>
Less accumulated depreciation for:				
Buildings and improvements	(22,618,330)	(1,504,504)	149,300	(23,973,534)
Equipment	(15,674,242)	(1,883,050)	1,042,984	(16,514,308)
Utility systems	(19,943,152)	(1,095,017)	-	(21,038,169)
Total accumulated depreciation	<u>(58,235,724)</u>	<u>(4,482,571)</u>	<u>1,192,284</u>	<u>(61,526,011)</u>
Total capital assets being depreciated, net	<u>83,307,569</u>	<u>(673,051)</u>	<u>(189,832)</u>	<u>82,444,686</u>
Business-type activities capital assets, net	<u>\$ 89,112,209</u>	<u>\$ 1,942,301</u>	<u>\$ (3,280,494)</u>	<u>\$ 87,774,016</u>

Depreciation expense for business-type activities for the year ended June 30, 2019 was as follows:

Water	\$ 1,335,455
Wastewater	2,791,491
Stormwater	319,394
Emergency medical services	<u>36,231</u>
Total	<u>\$ 4,482,571</u>

#### Significant Capital Asset Transactions

Within the current fiscal year, governmental and business-type capital asset activities included significant deletions of capital assets and related accumulated depreciation which resulted from the transfer of fire and EMS assets to Tualatin Valley Fire & Rescue as well as the sale of the city owned Newberg Animal Shelter. See the special items footnote for additional detail.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

#### Operating Leases

The City has entered into noncancellable operating lease agreements for various equipment items. The City's noncancellable operating leases consist principally of the leasing of various types of mail room equipment and printers. These equipment leases expire over the next five years.

The future minimum lease obligations as of June 30, 2019 were as follows:

Year ended June 30,	Lease Obligations	
2020	\$	28,268
2021		26,162
2022		21,918
2023		13,487
2024		4,677
Totals	\$	94,512

#### Capital Leases

The City has entered into noncancellable lease agreements for 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 \$146,925 and accumulated depreciation of \$14,692 have been recorded under capital leases as of June 30, 2019.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30,	Governmental activities	
	Principal	Interest
2020	\$ 47,963	\$ 3,938
2021	49,676	2,225
2022	25,499	452
	\$ 123,138	\$ 6,615

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

#### Long-term Obligations

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

	Beginning Balance			Ending Balance	Amounts Due
	July 1, 2018	Increase	Decrease		
Governmental Activities					
Long-term debt obligations					
Revenue Bonds:					
Limited tax pension bonds	\$ 2,175,000	\$ -	\$ (130,000)	\$ 2,045,000	\$ 150,000
Full faith and credit refunding bonds	400,000	-	(240,000)	160,000	160,000
Unamortized note premium	41,535	-	(5,192)	36,343	5,192
Direct Placements and Direct Borrowings					
Full faith and credit public safety communications upgrade financing agreement	3,197,301	-	(264,940)	2,932,361	290,318
Oregon Transportation Infrastructure Bank loan	1,420,682	-	(106,262)	1,314,420	109,004
Capital lease obligations	<u>15,988</u>	<u>146,496</u>	<u>(39,346)</u>	<u>123,138</u>	<u>47,963</u>
Total long-term debt obligations	7,250,506	146,496	(785,740)	6,611,262	762,477
Other long-term obligations					
Compensated absences	930,151	988,306	(930,151)	988,306	988,306
Net pension liability	16,505,216	-	(3,492,232)	13,012,984	-
Other postemployment benefits liability	<u>601,279</u>	<u>29,250</u>	<u>-</u>	<u>630,529</u>	<u>-</u>
Total Governmental Activities	<u>\$ 25,287,152</u>	<u>\$ 1,164,052</u>	<u>\$ (5,208,123)</u>	<u>\$ 21,243,081</u>	<u>\$ 1,750,783</u>



## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

	Beginning Balance July 1, 2018	Increase	Decrease	Ending Balance June 30, 2019	Amounts Due Within One Year
Business-type Activities					
Long-term debt obligations					
Revenue Bonds					
Full faith and credit refunding bonds					
Wastewater	\$ 248,095	\$ -	\$ (248,095)	\$ -	\$ -
Unamortized note discount	(3,264)	-	3,264	-	-
Water	6,356,905	-	(856,905)	5,500,000	885,000
Unamortized note premium	333,563	-	(41,695)	291,868	41,695
Direct Placements and Direct Borrowings					
Notes payable, Business Oregon					
Wastewater	3,544,214	-	(287,934)	3,256,280	260,795
Water	1,336,867	-	(108,670)	1,228,197	98,427
Unamortized note premium	622,838	-	(56,622)	566,216	56,622
Clean Water State Revolving Fund					
Wastewater	22,126,683	-	(1,011,852)	21,114,831	1,073,509
Notes payable, US Bank					
Wastewater	193,000	-	(193,000)	-	-
Total long-term debt obligations	34,758,901	-	(2,801,509)	31,957,392	2,416,048
Other long-term obligations					
Compensated absences	297,193	279,011	(297,193)	279,011	279,011
Net pension liability	7,790,099	-	(174,966)	7,615,133	-
Other postemployment benefits liability	200,290	11,748	-	212,038	-
Total Business-type Activities	<u>\$ 43,046,483</u>	<u>\$ 290,759</u>	<u>\$ (3,273,668)</u>	<u>\$ 40,063,574</u>	<u>\$ 2,695,059</u>

Long-term obligations of the internal service funds are included in the governmental activities. As of June 30, 2019, internal service fund long-term obligations were \$5,185,701.

For governmental activities, pension liabilities and other post-employment benefits are generally liquidated by the fund that incurred the liability. The significant fund incurring these liabilities is the General Fund.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

#### *Governmental Activities*

#### **Limited Tax Pension Bonds**

The City issued Limited Tax Pension Bonds in the amount of \$2,720,000 in March of 2004 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 are secured by the City's full faith and credit and taxing power within relevant legal limitations. Upon the occurrence and continuance of default, the trustee may exercise any remedy available at law or in equity; however, the bond payments are not subject to acceleration. 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 ended June 30,	Principal	Interest
2020	\$ 150,000	\$ 124,063
2021	170,000	115,040
2022	190,000	104,815
2023	215,000	93,386
2024	240,000	80,454
2025-28	1,080,000	156,946
Totals	\$ 2,045,000	\$ 674,704

#### **Full Faith and Credit Refunding Bonds**

The City issued refunding bonds in the amount of \$11,105,000 of which \$1,095,000 was used to refinance the outstanding balance on the Certificates of Participation. Upon the occurrence and continuance of default, the owners of the bonds may exercise any remedy available at law or in equity; however, the bond payments are not subject to acceleration. The bonds carry interest at rates from 2.5 to 4 percent depending upon the principal maturities. The bonds fully mature on December 1, 2025.

Debt service requirements on Full Faith and Credit Refunding Bonds to maturity are as follows:

Year ended June 30,	Principal	Interest
2020	\$ 160,000	\$ 2,000

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### **Full Faith and Credit Public Safety Communications Upgrade Financing Agreement**

The City entered into a financing agreement in the amount of \$3,197,301 which was used to finance a Public Safety Communications Upgrade. The financing carries interest at rates from 2.72 to 3.61 percent depending upon the principal maturities. The financing fully matures on June 1, 2028. The agreement is secured by and payable from all lawfully available funds of the City, including property taxes. Upon the occurrence and continuance of default, the outstanding balance will bear an additional 1.5% interest penalty until the event is remedied. Additionally, all rights, powers, and remedies of the lender may be exercised at any time after the occurrence of default. Debt service requirements on the Public Safety Communications Upgrade Financing Agreement to maturity are as follows:

Year ended June 30,	Principal	Interest
2020	\$ 290,318	\$ 82,257
2021	299,655	72,920
2022	307,925	64,650
2023	316,424	56,151
2024	325,157	47,418
2025-2028	<u>1,392,882</u>	<u>97,417</u>
Totals	<u>\$ 2,932,361</u>	<u>\$ 420,813</u>

#### **Other**

The City entered into an agreement with Oregon Department of Transportation (ODOT) in July of 2013 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. Funding for payments shall come from the City's federal surface transportation program allocations being exchanged for state funding on a dollar for dollar basis. If this funding is insufficient to cover the interest, the City must make payment to ODOT for any difference. In the event of default, the State may seek any legal remedies including declaring remaining balances due in full, appointment of a receiver, barring future applications for similar assistance, and withholding of other State funds including the City's apportionment of State Highway Fund revenues. In fiscal year 2017-18, the construction was completed and the City will make annual installment payments of interest and principal of \$142,916. As of June 30, 2019 drawdowns on the loan totaled \$1,638,910 and repayments totaled \$324,490. Therefore, as of June 30, 2019 the outstanding principal balance is \$1,314,420. Debt service requirements to maturity are as follows:

Year ended June 30,	Principal	Interest
2020	\$ 109,004	\$ 33,912
2021	111,816	31,100
2022	114,701	28,215
2023	117,660	25,256
2024	120,696	22,220
2025-2029	651,828	62,752
2030	<u>88,715</u>	<u>2,288</u>
Totals	<u>\$ 1,314,420</u>	<u>\$ 205,743</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

### *Business-type Activities*

#### **Full Faith and Credit Refunding Bonds**

The City issued refunding bonds in the amount of \$11,105,000 of which \$10,010,000 was used to refinance a portion of the outstanding balances on the Notes Payable to Business Oregon. These refunded notes were issued to finance various water and wastewater capital projects. Upon the occurrence and continuance of default, the owners of the bond may exercise any remedy available at law or in equity; however, the bond payments are not subject to acceleration. The bonds carry interest at rates from 2.5 to 4 percent depending upon the principal maturities. The bonds fully mature on December 1, 2025. Debt service requirements on Full Faith and Credit Refunding Bonds to maturity are as follows:

Year ended June 30,	Principal	Interest
2020	\$ 885,000	\$ 174,812
2021	910,000	145,550
2022	945,000	108,450
2023	985,000	69,850
2024	660,000	42,313
2025-2026	<u>1,115,000</u>	<u>34,838</u>
Totals	<u>\$ 5,500,000</u>	<u>\$ 575,813</u>

#### **Notes Payable**

The City borrowed \$8,230,632 from Business Oregon in fiscal year 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 agreement is secured by the City's full faith and credit and taxing power within relevant legal limitations. Upon the occurrence and continuance of default, the trustee may exercise any remedy available at law or in equity including declaring all remaining amounts to be immediately due and payable, terminating all further disbursements of proceeds, declaring the issuer ineligible for future awards, withholding of amounts due to recipient and applying them to payments due, and foreclosure of liens and security interests. In April of 2018, the City authorized the participation in Business Oregon's refunding of this loan, resulting in an adjustment to the interest rates to a range of 4% to 5% as well as a reduction of principal balance owed for an overall reduction of borrowing costs over the remaining course of the loan. Final maturity is December 1, 2028. At June 30, 2019, the outstanding balance was \$4,484,477. Water and wastewater system revenues have been pledged to repay the debt.

Future debt service requirements are as follows:

Year ended June 30,	Principal	Interest
2020	\$ 359,222	\$ 219,466
2021	377,112	204,776
2022	394,797	186,591
2023	413,287	166,851
2024	431,952	146,187
2025-2029	<u>2,508,107</u>	<u>387,584</u>
Totals	<u>\$ 4,484,477</u>	<u>\$ 1,311,455</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

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 was 4.2% annually and the loan matured and was fully paid off in October of 2018 with a savings in interest of \$4,076 resulting from early payment.

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. Subsequently, during 2014-15, city council approved another loan through Clean Water State Revolving Loan Fund for additional Wastewater Treatment Upgrades. The upgrades include the design and construction of improvements to the wastewater treatment facility, including a secondary clarifier, disinfection, dechlorination, headworks and influent pump station. The loan amount was awarded for up to \$14,484,129. The interest rate on this portion of debt was set at 2.45% annually. The agreement is secured by and payable from net revenues of the Wastewater Fund. Upon the occurrence and continuance of default, DEQ may exercise any remedy available at law or in equity including declaring all remaining amounts to be immediately due and payable, terminating all further disbursements of proceeds, appoint a receiver at the borrower's expense to operate the facility, set and collect utility rates and charges, direct the State Treasurer to withhold amounts due to the borrower apply them to the loan, to the extent legally possible, and foreclosure of liens and security interests. Finally, in April of 2018, the City signed an agreement with the Department of Environmental Quality to restructure the two loans into one loan, with a term extension of 3 years, through April 1, 2036, and a new interest rate of 1.75% for the remaining term of the loan. The outstanding balance of this combined loan was \$21,114,831 as of June 30, 2019. The required loan reserve is \$750,215, or one-half the average annual debt service. Future debt payments are as follows:

Year Ending June 30,	Principal	Interest
2020	\$ 1,073,509	\$ 364,833
2021	1,092,377	345,965
2022	1,111,577	326,765
2023	1,131,115	307,227
2024	1,150,997	287,345
2025-2029	6,065,644	1,126,066
2030-2034	6,617,783	573,927
2035-2036	<u>2,871,829</u>	<u>63,864</u>
	<u>\$ 21,114,831</u>	<u>\$ 3,395,992</u>

### Unavailable Revenue

The following represents deferred inflows of resources including those from property taxes, loans, and special assessments as of June 30, 2019:

Fund	Loans	Assessments	Taxes	Total
Governmental				
General	\$ -	\$ -	\$ 360,965	\$ 360,965
Nonmajor	<u>97,078</u>	<u>46,819</u>	<u>3,447</u>	<u>147,344</u>
	<u>\$ 97,078</u>	<u>\$ 46,819</u>	<u>\$ 364,412</u>	<u>\$ 508,309</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### 4. OTHER INFORMATION

#### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the City 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. 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.

#### **Other Postemployment Benefits Plan – CIS**

##### A. Plan description

The City provides other postemployment 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 who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the 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 75. The plan does not issue a separate stand-alone financial report.

##### B. Plan membership

The City's membership in the plan at July 1, 2018 (the date of the most current actuarial valuation) consisted of 126 active employees, 4 eligible retirees, and 2 spouses of eligible retirees for a total of 132 plan members.

##### C. Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

For police and fire retirees	\$ 1,821
For spouses of police and fire retirees	1,821
For all other retirees	\$ 734
For spouses of all other retirees	794

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

D. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2019, the City reported a total OPEB liability of \$842,567. The total OPEB liability was measured as of June 30, 2018 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balance at June 30, 2018	\$ 801,569
Changes for the year:	
Service cost	61,357
Interest on total OPEB liability	30,187
Effect of economic/demographic gains or losses	(13,276)
Effect of assumptions or inputs	2,516
Benefit Payments	(39,786)
Ending balances	\$ 842,567

For the year ended June 30, 2019, the City recognized OPEB expense of \$85,083. At June 30, 2019, the City's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 11,879
Changes of assumptions or inputs	2,251	40,498
City's contributions subsequent to the measurement date	30,583	--
	\$ 32,834	\$ 52,377

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$30,583 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2020	\$ (6,461)
2021	(6,461)
2022	(6,461)
2023	(6,461)
2024	(6,461)
Thereafter	<u>(17,821)</u>
Total	<u>\$ (50,126)</u>

#### E. Actuarial valuation

The City's contributions are based on the accruing benefit costs measured using the entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits allocated to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future service costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

#### F. Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	3.87 percent
Inflation Rate	2.50 percent
Projected Salary Increases	3.50 percent
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

#### Discount rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.58 percent.



## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

#### Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

Year	Pre-65 Trend
2018	6.75%
2019	7.00%
2020	5.50%
2021-2025	5.00%
2026-2029	4.75%
2030-2033	5.00%
2034	5.25%
2035	5.75%
2036-2038	6.00%
2039-2045	5.75%
2046-2050	5.50%
2051-2061	5.25%
2062-2065	5.00%
2066+	4.75%

Dental costs are assumed to increase 4.5 percent in all future years.

#### Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's total OPEB liability calculated using the discount rate of 3.87 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 912,896	\$ 842,567	\$ 777,537
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 754,452	\$ 842,567	\$ 945,654

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **Other Postemployment Benefits Plan – RHIA**

#### A. Plan description

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281- 3700.

#### B. Benefits provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

#### C. Contributions

OPERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2018. The City's contribution rates for the period were 0.70% for Tier One/Tier Two members, and 0.43% for OPSRP members. The City's total contributions were \$26,778 for the year ended June 30, 2019.

#### D. Actuarial Valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan.

##### Economic assumptions

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

##### Retiree healthcare participation assumptions

Eligible retiring members are assumed to elect RHIA coverage 38 percent of the time for healthy retirees and 20 percent of the time for disabled retirees.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

E. OPEB assets, liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2019, the City reported an asset of \$55,603 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB Liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2018, the City's proportionate share was 0.04981126%, which is an increase from its proportionate share of 0.04569772% as of June 30, 2017.

For the year ended June 30, 2019, the City recognized OPEB revenue from this plan of \$7,438. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ --	\$ 3,151
Changes of assumptions	--	176
Net difference between projected and actual earnings on investments	--	11,988
Changes in proportionate share	--	3,942
City's contributions subsequent to the measurement date	<u>26,778</u>	<u>--</u>
	<u>\$ 26,778</u>	<u>\$ 19,257</u>

Deferred outflows of resources related to OPEB of \$26,778 resulting from the City's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2020	\$ (7,264)
2021	(6,683)
2022	(4,118)
2023	<u>(1,192)</u>
Total	<u>\$ (19,257)</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### F. Actuarial methods and assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience study report	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Mortality	<p>Healthy retirees and beneficiaries:                      RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:                      Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:                      Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

#### G. Discount rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### H. Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the total OPEB liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgement.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

The following circumstances justify an alternative evaluation of sufficiency for the OPEB Plan:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- CASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our third-party actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

### I. Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see OPERS' audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>.

### J. Sensitivity of the City's proportionate share of the net OPEB liability (asset) to the changes in the discount rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculation using the discount rate of 7.20%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's net OPEB liability (asset)	\$ (32,375)	\$ (55,603)	\$ (75,375)

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **Pension Plans – Single Employer Defined Benefit Retirement Plan**

#### A. 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 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.

#### B. Plan membership

The City of Newberg Employees Retirement Plan is closed to new entrants, with the exception of employees hired before August 1, 2016 that become eligible by virtue of changing to full-time status. As of the June 30, 2018 measurement date there were 59 active members, 65 retired members who receive benefits, 36 vested terminated members, for a total membership of 160.

#### C. Description of benefit terms

##### Normal retirement

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. Police employees as well as the City Attorney 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.

##### Early retirement

Members are able to receive early retirement benefits after attaining age 50 for police and city attorney or age 55 for all other members and 5 years of vesting service. Members may also retire after 30 years of service. Retirement benefits are reduced based upon the members age at retirement from 92 percent to 60 percent (100 percent to 60 percent for police and city attorney) of the benefit that would result if they were of normal retirement age.

##### Late retirement

Members that continue working beyond the normal retirement age receive accrued benefit on late retirement date.

##### Disability

Uniformed members that become totally and permanently disabled in the course of duty or members with 10 years of service are entitled to disability benefits. The benefit is based on current monthly earnings rate of compensation as of the date of disability and years of service projected to the earliest retirement age, or the early retirement benefit available, whichever is greater but in no event less than \$100 per month.

##### Death benefits

The beneficiaries of members who have not begun to receive benefits under the plan are entitled to a lump-sum payment of the members account.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### D. Contributions

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 eight employees. The City contributes amounts over 6% that are actuarially determined. Employer contributions for the year ended June 30, 2019 were \$1,377,490. The funding method used in this valuation is the 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 6.0% per year; b) projected salary increases of 4.5% per year; c) post-retirement benefit increases of 2.0% per year, and d) inflation rate of 2.0%. As of the July 1, 2018 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.

#### E. Net pension liability, changes in net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2019, the City reported a net pension liability of \$13,637,139. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$ 34,266,068
Plan fiduciary net position	<u>20,628,929</u>
 Net pension liability	 <u>\$ 13,637,139</u>
 Fiduciary net position as a percentage of total pension liability	 60%

Changes in the net pension liability is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning balances	\$ 33,053,684	\$ 19,393,941	\$ 13,659,743
Changes for the year:			
Service cost	632,876	--	632,876
Interest on total pension liability	1,920,671	--	1,920,671
Effect of economic/demographic losses	461,001	--	461,001
Effect of assumption changes or inputs	(73,732)	--	(73,732)
Benefit payments	(1,728,432)	(1,728,432)	--
Administrative expenses	--	(33,591)	33,591
Member contributions	--	235,670	(235,670)
Net investment income	--	1,457,091	(1,457,091)
Employer contributions	--	1,304,250	(1,304,250)
Ending balances	<u>\$ 34,266,068</u>	<u>\$ 20,628,929</u>	<u>\$ 13,637,139</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

E. Net pension liability, changes in net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions (continued)

For the year ended June 30, 2019, the City recognized pension expense of \$1,521,084. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 704,902	\$ 311,987
Changes of assumptions	2,206,819	1,067,386
Net difference between projected and actual earnings on pension plan investments	64,504	--
City's contributions subsequent to the measurement date	1,377,490	--
	<u>\$ 4,353,715</u>	<u>\$ 1,379,373</u>

\$1,377,490 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,

2020	\$ 530,871
2021	363,124
2022	144,957
2023	203,677
2024	263,969
2025	100,029
2026	(9,775)
Total	<u>\$ 1,596,852</u>

F. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the entry age actuarial cost method. Under this method, a normal cost is determined for each active member. The normal cost is the annual contribution determined as a level percentage of base salary which would be paid from year of entry to year of retirement to fund the projected retirement benefit. The normal cost for the Plan is the sum of the individuals' normal costs. The actuarial accrued liability for active plan members is an accumulation of the normal costs from entry to the valuation date. The actuarial accrued liability for inactive members is the actuarial present value of the accrued benefits. The actuarial accrued liability for the Plan is the sum of the individual actuarial accrued liabilities. The unfunded actuarial liability is the difference between the actuarial accrued liability and the actuarial value of assets, which is amortized over 20 years on a closed level dollar basis.



## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2019

#### G. Actuarial methods and assumptions used in developing total pension liability

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age, Level Percentage of Pay
Amortization Method	Amortized as a level dollar over a closed period of 20 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.25 percent
Investment rate of return	6.0 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 2.0 percent plus assumed rates of merit/longevity increases based on service of 4.5 percent
Mortality	Healthy retirees and beneficiaries: RPEC-2014 Sex-distinct, generational per Scale AA

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

#### Discount rate

The discount rate used to measure the total pension liability was 5.84 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those the City made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Plan was applied to all periods of projected benefit payments to determine the total pension liability.

#### Depletion date projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Entry Age Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

Based on these circumstances, it is the Plan's independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would indicate that the Fiduciary Net Position will be depleted in the 2068-69 fiscal year.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### Long-term expected rate of return

The long-term expected rate of return assumption of 6.0 percent is based on a blending of the projected return on plan assets and a 20-year tax-exempt, high quality general obligation municipal bond yield or index rate.

<u>Asset Class</u>	<u>Expected Arithmetic Return</u>	<u>Expected Geometric Return</u>	<u>Target Allocation %</u>
US Equity - Large Cap	7.85%	6.50%	29.55%
US Equity - Mid Cap	8.10%	6.50%	3.39%
US Equity - Small Cap	8.55%	6.50%	1.67%
Non-US Equity	8.10%	6.50%	15.87%
REITs	7.95%	6.10%	0.41%
Real Estate (direct property)	5.80%	5.50%	10.18%
Cash	1.55%	1.55%	0.00%
TIPS	3.05%	2.85%	0.61%
Core Bond	3.75%	3.60%	28.28%
High Yield	6.70%	6.30%	10.05%
Total			<u>100.00%</u>

#### Sensitivity of the City net pension liability to changes in the discount rate

The following presents the City net pension liability calculated using the discount rate of 5.84 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.84 percent) or 1-percentage-point higher (6.84 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's net pension asset or liability	\$ 18,075,291	\$ 13,637,139	\$ 9,977,955

### **Pension Plans - Defined Benefit Plan – Public Employees Retirement System**

#### Plan Description

Employees of the City of Newberg are provided with pensions through the Oregon Public Employees Retirement System (OPERS). All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report which can be found at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

#### **Tier One/Tier Two Retirement Benefit (Chapter 238).**

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

### Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled. Police members may purchase increased benefits that are payable between the date of retirement and age 65. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police members). General service employees may retire after reaching age 55. Police members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

### Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

### Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police members) when determining the monthly benefit.

### Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)**

#### Pension Benefits.

The OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

#### Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

#### Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

#### Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

#### **Contributions**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017.

Tier 1/tier 2 employer contribution rates are 20.32 percent and the OPSRP employer contribution rates are 10.02 percent for general service employees and 14.79 percent for police and fire. Employer contributions for the year ended June 30, 2019 were \$906,710, excluding amounts to fund employer specific liabilities. The City also internally charged departments a rate sufficient to cover payments on the limited tax pension bonds.

#### Actuarial valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **Pension Asset or Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the City reported a liability of \$6,990,978 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

1. **Normal Cost Rate:** The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

2. **UAL Rate:** If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

At June 30, 2018, the City's proportion was .04614908 percent, which was less than its proportion measured as of June 30, 2017 of .07889868 percent.

For the year ended June 30, 2019, the City recognized pension expense (revenue) of \$557,112. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 237,812	\$ --
Changes of assumptions	1,625,389	--
Net difference between projected and actual earnings on pension plan investments	--	310,439
Changes in proportionate share	33,169	3,120,860
Difference between the City's contributions and employer's proportionate share of system contributions	161,545	169,980
Contributions subsequent to measurement date	906,710	--
	\$ 2,964,625	\$ 3,601,279

\$906,710 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	\$ 75,911
2021	(176,163)
2022	(806,744)
2023	(555,401)
2024	(80,967)
Total	\$ (1,543,364)

#### Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment rate of return	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries:  RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:  RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees:  RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

### Assumed Asset Allocation:

<u>Asset Class / Strategy</u>	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>



## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes within the following table. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed Inflation - Mean		2.50%

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Sensitivity of the City’s proportionate share of the net pension asset (liability) to changes in the discount rate.

The following presents the City’s proportionate share of the net pension asset (liability) calculated using the discount rate of 7.20 percent, as well as what the City’s proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
The City’s proportionate share of net pension asset or liability	\$ 11,683,245	\$ 6,990,978	\$ 3,117,896

Changes in Actuarial Methods and Assumptions

During the current measurement period, the assumed rate of return on investments and the discount rate were reduced from 7.5 percent to 7.2 percent. There are no reported changes in actuarial methods and assumptions subsequent to the measurement date.

**Pension Plans - Defined Contribution Plan**

**Individual Account Program (IAP)**

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member’s account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City makes, for exempt employees, employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2019 were \$346,772.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

#### Contingency – Sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2019, employees of the City had accumulated 5,480 days of sick leave.

#### Governmental 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	Street Capital Projects	Nonmajor Funds	Total
Fund balances						
Nonspendable:						
Inventory	\$ -	\$ 65,492	\$ -	\$ -	\$ -	\$ 65,492
Restricted:						
Capital projects	-	-	-	-	4,974,347	4,974,347
Debt service	-	-	-	-	346	346
911 center operations	-	-	-	-	39,075	39,075
Police services	-	-	-	-	113,977	113,977
Tourism	-	-	-	-	300,967	300,967
Street maintenance	-	2,332,628	-	-	-	2,332,628
Building inspection	-	-	1,744,152	-	-	1,744,152
Library services	-	-	-	-	75,086	75,086
Committed:						
Capital projects	-	-	-	203,601	-	203,601
Economic development	-	-	-	-	731,526	731,526
Public communications	-	-	-	-	7,335	7,335
Assigned:						
Debt service	-	-	-	-	72,662	72,662
Unassigned	4,476,667	-	-	-	-	4,476,667
Total fund balances	<u>\$ 4,476,667</u>	<u>\$ 2,398,120</u>	<u>\$ 1,744,152</u>	<u>\$ 203,601</u>	<u>\$ 6,315,321</u>	<u>\$ 15,137,861</u>

#### 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	\$ 3,815,386
Public Safety – Ordinances imposing Public Safety related fees restrict the use of resources to specific public safety services and equipment replacement	153,052
Transient Lodging Tax – Ordinances imposing transient lodging tax restrict the use of these resources to tourism related expenditures	300,967

##### 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	7,070,877
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# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

### **Special Item – Disposal of Fire & EMS Services**

Beginning on July 1, 2016, the City entered into a two-year contract with Tualatin Valley Fire and Rescue (TVF&R) to transfer fire protection and emergency medical services for the City of Newberg and the Newberg Rural Protection District. Under the contract, TVF&R assumed the fire protection and emergency medical services as well as the direct administrative and executive functions of the two fire stations owned by the City. Additionally, the terms of the transfer of services included a transfer of all fire assets, excluding Fire Station 20 building and land, which took place at the beginning of the current fiscal year. This agreement resulted in the transfer of governmental capital assets of \$4,486,582 with related accumulated depreciation of \$2,992,755 and business-type capital assets of \$976,759 with related accumulated depreciation of \$920,983. The net loss reported as a special item on the statement of activities relating to this transfer are \$1,493,827 and \$55,776 for governmental and business-type activities, respectively.

### **Special Item – Sale of the Animal Shelter**

In 2000, the Newberg Animal Shelter Friends (NASF), a non-profit entity unrelated to the City was formed to raise money to build a new animal shelter in the City of Newberg. Funds raised by NASF along with some funding by the City were used for the construction of the Newberg Animal Shelter in 2013. Shortly thereafter the property was leased to NASF for a nominal amount and the shelter operations were taken on by NASF. In 2018 NASF and the City of Newberg negotiated a purchase and sale agreement for the land, building, and related equipment which was executed and ratified by the City Council in August of 2018. The sale included a credit against the purchase price in the amount of \$480,000 which relates to amounts originally raised by NASF. The sale resulted in the disposal of governmental capital assets of \$720,946 with related accumulated depreciation of \$97,962 and business-type capital assets of \$29,107. The net proceeds recognized in the sale were \$176,676 and \$58,834 for governmental and business-type activities, respectively. The net loss reported as a special item on the statement of activities relating to this sale is \$466,308 for governmental activities and a net gain of \$29,727 reported for business type activities.

### **Contingency Loss**

The City Hall Fee began in 1999 as an assessment of 0.25% of building permits to help offset the General Fund's portion of debt service payments on the 1999 Certificates of Participation for the City Hall remodel. This revenue is accounted for in the City Hall Fee Fund. The balance of the fund had accumulated sufficient resources by midway through FY 2014-15 to make all future debt service payments through payoff in December 2019. Due to staff transition and subsequent management error, the fee was not terminated until May 2018. The over-collection of fees of approximately \$446,000 is in the process of being refunded. The remaining balance of this estimated liability as of June 30, 2019 is \$69,516.

### **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 City 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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

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.

### Significant Commitments

At June 30, 2019, the City had the following significant outstanding commitments:

<u>Contractor</u>	<u>Related Project</u>	<u>Original Contract Amount</u>	<u>Remaining Commitment</u>
The Saunders Company Inc.	Wastewater Line Replacement	\$ 1,257,740	\$ 827,967

### Tax Abatements

As of June 30, 2019, taxes were abated through one program: Housing for Low Income Rentals (ORS 307.517). In 1989, Oregon legislature authorized a property tax exemption for low-income housing held by for-profit entities. The tax exemption is intended to benefit low-income renters by alleviating the property tax burden on those entities that provide this type of housing. Entities must own or have a leasehold interest in the property and must lower the rent to reflect the full value of the exemption. The properties must be occupied by renters who are at or below 60% of median. The exemption is also limited to new construction rental units. The abatement for low income housing is reduced through a 100% reduction in assessed value of new construction, so long as the entities continue to meet requirements set by statute. Two entities in 2018 utilized this specific abatement, with a total tax abatement of \$6,141.

City of Newberg tax abatements are also available through the Newberg Enterprise Zone, per ORS 285C.175, which offers traded-sector employers (companies that sell goods or services outside the local area and expand its economic base) and other eligible companies three- to five-year property tax exemptions on certain new capital investments that create jobs in the designated areas. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The City of Newberg is the local sponsor for the Newberg Enterprise Zone program. For 2018, the City abated no property taxes under this program.

### Prior Period Adjustments

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was adopted by the City in the prior year, resulting in the need for restatements of prior period net position in that year. As a result of the immateriality of the RHIA balances reported by Oregon Public Employee Retirement System, the RHIA balances of OPEB related assets and deferred outflows and inflows of resources were not included in the prior year statements. These balances are being added into the current year statements, resulting in the need to book prior period adjustments in the current year. The beginning balance of net position was restated through a prior period adjustment to reflect the adjusted prior year balance of the total OPEB asset as well as deferred inflows and outflows of resources. The net effect of this restatement resulted increases to beginning net position in the governmental activities, Admin Service, Water, Wastewater, and Stormwater Funds of \$17,941; \$3,941; \$3,185; \$3,157; and \$895, respectively.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF NEWBERG**  
**SCHEDULE OF NET PENSION LIABILITY AND CHANGES IN NET PENSION LIABILITY**  
**CITY OF NEWBERG RETIREMENT PLAN**  
**Last 10 Plan Fiscal Years\***

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Beginning of year					
Total pension liability	\$ 33,053,684	\$ 32,356,633	\$ 32,458,220	\$ 28,122,255	\$ 27,296,697
Fiduciary net position	<u>19,393,941</u>	<u>17,868,023</u>	<u>18,294,937</u>	<u>18,271,389</u>	<u>16,452,510</u>
Net pension liability	<u>\$ 13,659,743</u>	<u>\$ 14,488,610</u>	<u>\$ 14,163,283</u>	<u>\$ 9,850,866</u>	<u>\$ 10,844,187</u>
Changes in total pension liability					
Service cost	\$ 632,876	\$ 629,785	\$ 596,760	\$ 463,867	\$ 488,383
Interest on total pension liability	1,920,671	1,923,387	1,809,084	1,734,658	1,612,016
Effect of economic/demographic losses	461,001	(582,105)	487,034	22,573	995,297
Effect of assumption changes or inputs	(73,732)	276,798	(1,474,389)	3,539,377	(885,385)
Benefit payments	<u>(1,728,432)</u>	<u>(1,550,814)</u>	<u>(1,520,076)</u>	<u>(1,424,510)</u>	<u>(1,384,753)</u>
Net change in total pension liability	<u>\$ 1,212,384</u>	<u>\$ 697,051</u>	<u>\$ (101,587)</u>	<u>\$ 4,335,965</u>	<u>\$ 825,558</u>
Changes in fiduciary net position					
Employer contributions	\$ 1,304,250	\$ 1,185,084	\$ 906,400	\$ 834,895	\$ 747,915
Member contributions	235,670	226,267	224,049	201,880	202,249
Investment income net of expenses	1,457,091	1,701,706	(7,049)	439,313	2,253,588
Benefit payments	(1,728,432)	(1,550,814)	(1,520,076)	(1,424,510)	(1,384,753)
Administrative expenses	<u>(33,591)</u>	<u>(36,325)</u>	<u>(30,238)</u>	<u>(28,030)</u>	<u>(120)</u>
Net change in fiduciary net position	<u>\$ 1,234,988</u>	<u>\$ 1,525,918</u>	<u>\$ (426,914)</u>	<u>\$ 23,548</u>	<u>\$ 1,818,879</u>
End of year					
Total pension liability	\$ 34,266,068	\$ 33,053,684	\$ 32,356,633	\$ 32,458,220	\$ 28,122,255
Fiduciary net position	<u>20,628,929</u>	<u>19,393,941</u>	<u>17,868,023</u>	<u>18,294,937</u>	<u>18,271,389</u>
Net pension liability	<u>\$ 13,637,139</u>	<u>\$ 13,659,743</u>	<u>\$ 14,488,610</u>	<u>\$ 14,163,283</u>	<u>\$ 9,850,866</u>
Fiduciary net position as a percent of total pension liability	60.20%	58.67%	55.22%	56.36%	64.97%
Covered payroll	\$ 3,719,762	\$ 3,644,950	\$ 3,572,891	\$ 3,182,471	\$ 3,059,807
Net pension liability as a percent of covered payroll	366.6%	374.8%	405.5%	445.0%	321.9%

\*Information will be accumulated until 10 years are presented.

**CITY OF NEWBERG  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CITY OF NEWBERG RETIREMENT PLAN  
Last 10 Years Ended June 30,\***

	June 30,				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,427,069	\$ 1,379,424	\$ 1,257,372	\$ 958,388	\$ 767,576
Actual employer contribution	1,377,490	1,304,250	1,185,084	906,400	834,895
Contribution deficiency (excess)	49,579	75,174	72,288	51,988	(67,319)
Covered payroll**	3,625,939	3,719,762	3,644,950	3,572,891	3,182,471
Contribution as a percent of covered payroll	37.99%	35.06%	32.51%	25.37%	26.23%
Valuation date	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Assumed investment rate of return	6.00%	6.00%	6.50%	6.50%	7.00%

Notes to schedule

Methods and assumptions used to determine contribution rates:

Long-term rate of return on investments	6.00%	6.00%	6.50%	6.50%	7.00%
Discount rate	5.84%	5.86%	5.98%	5.61%	6.23%
Cost of living increases	2.00%	2.00%	2.00%	2.00%	2.00%
Salary increases	4.50%	4.50%	4.50%	4.50%	4.50%

\*Information will be accumulated until 10 years are presented.

\*\*Covered payroll amounts reported from June 2018 was restated from prior year.

**CITY OF NEWBERG  
INVESTMENT RETURNS  
CITY OF NEWBERG RETIREMENT PLAN  
Last 10 Fiscal Years Ended June 30,\***

<u>Year Ended June 30,</u>	<u>Rate</u>
2019	6.25%
2018	7.57%
2017	9.61%
2016	-0.04%
2015	2.50%

\*Information will be accumulated until 10 years are presented.

**CITY OF NEWBERG**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Plan Years Ended\***

	2018	2017	2016	2015	2014
Proportion of the collective net pension liability (asset)	0.0461491%	0.0788987%	0.0832642%	0.0897722%	0.0837003%
Proportionate share of the collective net pension liability (asset)	\$ 6,990,978	\$ 10,635,572	\$ 12,499,882	\$ 5,154,234	\$ (1,897,247)
Covered payroll	\$ 5,047,287	\$ 4,886,012	\$ 6,707,765	\$ 6,499,152	\$ 6,356,718
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	138.510%	217.674%	186.349%	79.306%	-29.846%
Pension plan's fiduciary net position as a percentage of the total pension liability	82.068%	83.119%	80.527%	91.875%	103.590%

\* Information will be accumulated annually until 10 years is presented

**CITY OF NEWBERG**  
**SCHEDULE OF CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last 10 Years Ended June 30, \***

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 906,710	\$ 822,914	\$ 605,250	\$ 841,895	\$ 835,001
Contractually required contributions recognized by the pension plan	906,710	822,914	605,250	841,895	835,001
Difference	-	-	-	-	-
Covered payroll	5,781,331	5,047,287	4,886,012	6,707,765	6,499,152
Contractually required contributions as a percentage of covered payroll	15.68341%	16.30409%	12.38740%	12.55105%	12.84785%

\* Information will be accumulated until 10 years are presented.

**CITY OF NEWBERG**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - CIS**  
**Last 10 Plan Fiscal Years\***

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
<b>Total OPEB liability</b>		
Service cost	\$ 61,357	\$ 64,551
Interest on total OPEB liability	30,187	24,107
Effect of assumptions or inputs	(13,276)	(51,156)
Effect of economic/demographic gains or losses	2,516	-
Benefit payments	<u>(39,786)</u>	<u>(34,234)</u>
<b>Net change in OPEB liability</b>	40,998	3,268
<b>Total OPEB liability - beginning</b>	<u>801,569</u>	<u>798,301</u>
<b>Total OPEB liability - ending</b>	<u>\$ 842,567</u>	<u>\$ 801,569</u>
<b>Covered employee payroll</b>	8,767,049	8,530,962
<b>City's total OPEB liability as a percentage of covered employee payroll</b>	9.61%	9.40%

Notes to schedule

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

\* Information will be accumulated until 10 years are presented.

**CITY OF NEWBERG**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY / (ASSET)**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM, RETIREMENT HEALTH INSURANCE ACCOUNT**  
**Last 10 Plan Fiscal Years\***

Fiscal Year Ended	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	Covered Payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2018	0.04981126%	\$ (55,603)	\$ 5,047,287	-1.10%	125.00%
2017	0.04569772%	(19,072)	4,886,012	-0.39%	108.90%

\* Information will be accumulated until 10 years are presented.

**CITY OF NEWBERG**  
**SCHEDULE OF THE CITY OPEB CONTRIBUTIONS**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM, RETIREMENT HEALTH INSURANCE ACCOUNT**  
**Last 10 Fiscal Years Ended June 30,\***

Fiscal Year Ended	Contractually determined contribution	Contributions in relation to the actuarially required contribution	Contribution Deficiency (excess)	City's Covered Payroll	Contributions as a percent of covered payroll
2019	\$ 26,778	\$ 26,778	\$ -	\$ 5,781,331	0.46%
2018	24,119	24,119	-	5,047,287	0.48%
2017	24,255	24,255	-	4,886,012	0.50%

\* Information will be accumulated until 10 years are presented.



**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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## City of Newberg, Oregon

### STREET CAPITAL PROJECTS FUND (MAJOR FUND) SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ -	\$ -	\$ 8,100	\$ 8,100
Interest	6,500	6,500	19,252	12,752
<b>Total revenues</b>	<b>6,500</b>	<b>6,500</b>	<b>27,352</b>	<b>20,852</b>
<u>Expenditures</u>				
Capital outlay	3,837,400	5,337,968	3,020,911	2,317,057
<b>Total expenditures</b>	<b>3,837,400</b>	<b>5,337,968</b>	<b>3,020,911</b>	<b>2,317,057</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,830,900)</b>	<b>(5,331,468)</b>	<b>(2,993,559)</b>	<b>2,337,909</b>
<u>Other financing sources (uses)</u>				
Transfers in	3,837,400	5,337,968	3,020,356	(2,317,612)
<b>Total other financing sources (uses)</b>	<b>3,837,400</b>	<b>5,337,968</b>	<b>3,020,356</b>	<b>(2,317,612)</b>
Net change in fund balance	6,500	6,500	26,797	20,297
Fund balance, July 01, 2018	175,291	175,291	176,804	1,513
<b>Fund balance, June 30, 2019</b>	<b>\$ 181,791</b>	<b>\$ 181,791</b>	<b>\$ 203,601</b>	<b>\$ 21,810</b>

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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, 2019

	Special Revenue	Debt Service	Capital Projects	Totals
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 919,377	\$ 142,524	\$ 5,090,670	\$ 6,152,571
Receivables:				
Accounts	390,044	-	-	390,044
Loans	19,278	-	77,800	97,078
Assessments	-	-	46,819	46,819
Taxes	-	3,447	-	3,447
<b>Total assets</b>	<b>\$ 1,328,699</b>	<b>\$ 145,971</b>	<b>\$ 5,215,289</b>	<b>\$ 6,689,959</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 14,894	\$ -	\$ 116,323	\$ 131,217
Other accrued liabilities	16,670	-	-	16,670
Due to other funds	9,891	-	-	9,891
Contingent liabilities (see footnote 4)	-	69,516	-	69,516
<b>Total liabilities</b>	<b>41,455</b>	<b>69,516</b>	<b>116,323</b>	<b>227,294</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue-property taxes	-	3,447	-	3,447
Unavailable revenue-loans	19,278	-	-	19,278
Unavailable revenue-sdc notes	-	-	77,800	77,800
Unavailable revenue-special assessments	-	-	46,819	46,819
<b>Total deferred inflows of resources</b>	<b>19,278</b>	<b>3,447</b>	<b>124,619</b>	<b>147,344</b>
<b><u>FUND BALANCES</u></b>				
Restricted	529,105	346	4,974,347	5,503,798
Committed	738,861	-	-	738,861
Assigned	-	72,662	-	72,662
<b>Total fund balances</b>	<b>1,267,966</b>	<b>73,008</b>	<b>4,974,347</b>	<b>6,315,321</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,328,699</b>	<b>\$ 145,971</b>	<b>\$ 5,215,289</b>	<b>\$ 6,689,959</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Totals
<u>Revenues</u>				
Property taxes	\$ -	\$ 12,721	\$ -	\$ 12,721
Other taxes	1,146,441	-	-	1,146,441
Licenses and permits	47,876	-	-	47,876
Intergovernmental	437,166	142,916	-	580,082
Charges for services	571,456	-	1,211,512	1,782,968
Fines and forfeitures	1,456	-	-	1,456
Facilities charge	-	116,658	-	116,658
Pension bond charge	-	261,882	-	261,882
Loan collections - principal	12,466	-	-	12,466
Loan collections - interest	698	-	-	698
Assessments	-	-	25,356	25,356
Donations	48,773	-	-	48,773
Interest	35,192	14,434	90,953	140,579
Miscellaneous	4,513	-	-	4,513
<b>Total revenues</b>	<b>2,306,037</b>	<b>548,611</b>	<b>1,327,821</b>	<b>4,182,469</b>
<u>Expenditures</u>				
Current:				
General government	700,470	-	-	700,470
Public safety	809,074	-	-	809,074
Library	60,471	-	-	60,471
Community development	216,057	-	-	216,057
Debt service:				
Principal	-	741,202	-	741,202
Interest	-	283,171	-	283,171
Capital outlay	9,577	-	1,013,476	1,023,053
<b>Total expenditures</b>	<b>1,795,649</b>	<b>1,024,373</b>	<b>1,013,476</b>	<b>3,833,498</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>510,388</b>	<b>(475,762)</b>	<b>314,345</b>	<b>348,971</b>
<u>Other financing sources (uses)</u>				
Transfers in	-	439,959	-	439,959
Transfers out	(749,250)	(105,914)	(1,522,240)	(2,377,404)
<b>Total other financing sources (uses)</b>	<b>(749,250)</b>	<b>334,045</b>	<b>(1,522,240)</b>	<b>(1,937,445)</b>
<b>Net change in fund balances</b>	<b>(238,862)</b>	<b>(141,717)</b>	<b>(1,207,895)</b>	<b>(1,588,474)</b>
Fund balances, July 1, 2018	1,506,828	214,725	6,182,242	7,903,795
<b>Fund balances, June 30, 2019</b>	<b>\$ 1,267,966</b>	<b>\$ 73,008</b>	<b>\$ 4,974,347</b>	<b>\$ 6,315,321</b>

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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 and Memorial
- Public Safety Fee
- Transient Lodging Tax

**City of Newberg, Oregon**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2019

	Economic Development	911 Emergency	Civil Forfeiture	Cable TV	Library Gift and Memorial	Public Safety Fee	Transient Lodging Tax	Totals
<b>ASSETS</b>								
Cash and cash equivalents	\$ 731,885	\$ -	\$ 27	\$ 7,335	\$ 85,405	\$ 71,019	\$ 23,706	\$ 919,377
Receivables:								
Accounts	250	57,231	-	-	-	55,302	277,261	390,044
Loans	19,278	-	-	-	-	-	-	19,278
<b>Total assets</b>	<b>\$ 751,413</b>	<b>\$ 57,231</b>	<b>\$ 27</b>	<b>\$ 7,335</b>	<b>\$ 85,405</b>	<b>\$ 126,321</b>	<b>\$ 300,967</b>	<b>\$ 1,328,699</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 459	\$ 4,116	\$ -	\$ -	\$ 10,319	\$ -	\$ -	\$ 14,894
Other accrued liabilities	150	4,149	-	-	-	12,371	-	16,670
Due to other funds	-	9,891	-	-	-	-	-	9,891
<b>Total liabilities</b>	<b>609</b>	<b>18,156</b>	<b>-</b>	<b>-</b>	<b>10,319</b>	<b>12,371</b>	<b>-</b>	<b>41,455</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue-loans	19,278	-	-	-	-	-	-	19,278
<b>Total deferred inflows of resources</b>	<b>19,278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,278</b>
<b>FUND BALANCES</b>								
Restricted	-	39,075	27	-	75,086	113,950	300,967	529,105
Committed	731,526	-	-	7,335	-	-	-	738,861
<b>Total fund balances</b>	<b>731,526</b>	<b>39,075</b>	<b>27</b>	<b>7,335</b>	<b>75,086</b>	<b>113,950</b>	<b>300,967</b>	<b>1,267,966</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 751,413</b>	<b>\$ 57,231</b>	<b>\$ 27</b>	<b>\$ 7,335</b>	<b>\$ 85,405</b>	<b>\$ 126,321</b>	<b>\$ 300,967</b>	<b>\$ 1,328,699</b>

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2019

	Economic Development	911 Emergency	Civil Forfeiture	Cable TV	Library Gift and Memorial	Public Safety Fee	Transient Lodging Tax	Totals
<u>Revenues</u>								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,146,441	\$ 1,146,441
Licenses and permits	47,876	-	-	-	-	-	-	47,876
Intergovernmental	203,030	230,433	-	-	3,703	-	-	437,166
Charges for services	-	-	-	-	-	571,456	-	571,456
Fines and forfeitures	-	-	1,456	-	-	-	-	1,456
Loan collections - principal	12,466	-	-	-	-	-	-	12,466
Loan collections - interest	698	-	-	-	-	-	-	698
Donations	-	-	-	-	48,773	-	-	48,773
Interest	17,828	207	300	405	1,946	1,974	12,532	35,192
Miscellaneous	4,513	-	-	-	-	-	-	4,513
<b>Total revenues</b>	<b>286,411</b>	<b>230,640</b>	<b>1,756</b>	<b>405</b>	<b>54,422</b>	<b>573,430</b>	<b>1,158,973</b>	<b>2,306,037</b>
<u>Expenditures</u>								
Current:								
General government	-	-	-	-	-	-	700,470	700,470
Public safety	-	213,193	17,042	-	-	578,839	-	809,074
Library	-	-	-	-	60,471	-	-	60,471
Community development	216,057	-	-	-	-	-	-	216,057
Capital outlay	-	-	-	9,577	-	-	-	9,577
<b>Total expenditures</b>	<b>216,057</b>	<b>213,193</b>	<b>17,042</b>	<b>9,577</b>	<b>60,471</b>	<b>578,839</b>	<b>700,470</b>	<b>1,795,649</b>
Excess (deficiency) of revenues over expenditures	70,354	17,447	(15,286)	(9,172)	(6,049)	(5,409)	458,503	510,388
<u>Other financing sources (uses)</u>								
Transfers out	(4,828)	-	-	-	-	-	(744,422)	(749,250)
<b>Total other financing sources (uses)</b>	<b>(4,828)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(744,422)</b>	<b>(749,250)</b>
Net change in fund balances	65,526	17,447	(15,286)	(9,172)	(6,049)	(5,409)	(285,919)	(238,862)
Fund balances, July 1, 2018	666,000	21,628	15,313	16,507	81,135	119,359	586,886	1,506,828
<b>Fund balances, June 30, 2019</b>	<b>\$ 731,526</b>	<b>\$ 39,075</b>	<b>\$ 27</b>	<b>\$ 7,335</b>	<b>\$ 75,086</b>	<b>\$ 113,950</b>	<b>\$ 300,967</b>	<b>\$ 1,267,966</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 48,100	\$ 48,100	\$ 47,876	\$ (224)
Intergovernmental	214,000	214,000	203,030	(10,970)
Loan collections - principal	12,000	12,000	12,466	466
Loan collections - interest	6,900	6,900	698	(6,202)
Interest	8,500	8,500	17,828	9,328
Miscellaneous	10	10	4,513	4,503
<b>Total revenues</b>	<b>289,510</b>	<b>289,510</b>	<b>286,411</b>	<b>(3,099)</b>
<u>Expenditures</u>				
Planning	131,849	131,849	13,027	118,822
Contingency	143,904	143,904	-	143,904
<b>Total expenditures</b>	<b>275,753</b>	<b>275,753</b>	<b>13,027</b>	<b>262,726</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>13,757</b>	<b>13,757</b>	<b>273,384</b>	<b>259,627</b>
<u>Other financing sources (uses)</u>				
Special payments - loans	(381,981)	(381,981)	-	381,981
Special payments - grants	(227,325)	(227,325)	(203,030)	24,295
Transfers out	(4,828)	(4,828)	(4,828)	-
<b>Total other financing sources (uses)</b>	<b>(614,134)</b>	<b>(614,134)</b>	<b>(207,858)</b>	<b>406,276</b>
<b>Net change in fund balance</b>	<b>(600,377)</b>	<b>(600,377)</b>	<b>65,526</b>	<b>665,903</b>
Fund balance, July 01, 2018	600,377	600,377	666,000	65,623
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 731,526</b>	<b>\$ 731,526</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 222,723	\$ 228,125	\$ 230,433	\$ 2,308
Interest	50	50	207	157
<b>Total revenues</b>	<b>222,773</b>	<b>228,175</b>	<b>230,640</b>	<b>2,465</b>
<u>Expenditures</u>				
Communications	220,431	225,833	213,193	12,640
Contingency	15,064	15,064	-	15,064
<b>Total expenditures</b>	<b>235,495</b>	<b>240,897</b>	<b>213,193</b>	<b>27,704</b>
Net change in fund balance	(12,722)	(12,722)	17,447	30,169
Fund balance, July 01, 2018	12,722	12,722	21,628	8,906
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,075</b>	<b>\$ 39,075</b>

# City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Forfeitures	\$ -	\$ -	\$ 1,456	\$ 1,456
Interest	300	300	300	-
<b>Total revenues</b>	<b>300</b>	<b>300</b>	<b>1,756</b>	<b>1,456</b>
<u>Expenditures</u>				
Police	23,732	23,732	17,042	6,690
<b>Total expenditures</b>	<b>23,732</b>	<b>23,732</b>	<b>17,042</b>	<b>6,690</b>
Net change in fund balance	(23,432)	(23,432)	(15,286)	8,146
Fund balance, July 01, 2018	23,432	23,432	15,313	(8,119)
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27</b>	<b>\$ 27</b>

# City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 200	\$ 200	\$ 405	\$ 205
Total revenues	200	200	405	205
<u>Expenditures</u>				
General government	16,691	16,691	9,577	7,114
Total expenditures	16,691	16,691	9,577	7,114
Net change in fund balance	(16,491)	(16,491)	(9,172)	7,319
Fund balance, July 01, 2018	16,491	16,491	16,507	16
Fund balance, June 30, 2019	\$ -	\$ -	\$ 7,335	\$ 7,335

## City of Newberg, Oregon

### LIBRARY GIFT AND MEMORIAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 62,000	\$ 62,000	\$ 3,703	\$ (58,297)
Donations	73,000	73,000	48,773	(24,227)
Interest	1,000	1,000	1,946	946
<b>Total revenues</b>	<b>136,000</b>	<b>136,000</b>	<b>54,422</b>	<b>(81,578)</b>
<u>Expenditures</u>				
Library	170,000	170,000	60,471	109,529
Contingency	31,180	31,180	-	31,180
<b>Total expenditures</b>	<b>201,180</b>	<b>201,180</b>	<b>60,471</b>	<b>140,709</b>
Net change in fund balance	(65,180)	(65,180)	(6,049)	59,131
Fund balance, July 01, 2018	65,180	65,180	81,135	15,955
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,086</b>	<b>\$ 75,086</b>



## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 536,052	\$ 567,045	\$ 571,456	\$ 4,411
Interest	2,000	2,000	1,974	(26)
<b>Total revenues</b>	<b>538,052</b>	<b>569,045</b>	<b>573,430</b>	<b>4,385</b>
<u>Expenditures</u>				
Police	343,327	360,872	341,189	19,683
Communications	231,983	245,431	237,650	7,781
Contingency	86,219	86,219	-	86,219
<b>Total expenditures</b>	<b>661,529</b>	<b>692,522</b>	<b>578,839</b>	<b>113,683</b>
Net change in fund balance	(123,477)	(123,477)	(5,409)	118,068
Fund balance, July 01, 2018	123,477	123,477	119,359	(4,118)
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,950</b>	<b>\$ 113,950</b>

## City of Newberg, Oregon

### TRANSIENT LODGING TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Other taxes	\$ 1,102,005	\$ 1,156,056	\$ 1,146,441	\$ (9,615)
Interest	5,728	5,728	12,532	6,804
<b>Total revenues</b>	<b>1,107,733</b>	<b>1,161,784</b>	<b>1,158,973</b>	<b>(2,811)</b>
<u>Expenditures</u>				
General government	279,115	429,115	416,470	12,645
Contingency	3,076	22,029	-	22,029
<b>Total expenditures</b>	<b>282,191</b>	<b>451,144</b>	<b>416,470</b>	<b>34,674</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>825,542</b>	<b>710,640</b>	<b>742,503</b>	<b>31,863</b>
<u>Other financing sources (uses)</u>				
Grants	(606,260)	(456,260)	(284,000)	172,260
Transfers out	(717,324)	(752,422)	(744,422)	8,000
<b>Total other financing sources (uses)</b>	<b>(1,323,584)</b>	<b>(1,208,682)</b>	<b>(1,028,422)</b>	<b>180,260</b>
<b>Net change in fund balance</b>	<b>(498,042)</b>	<b>(498,042)</b>	<b>(285,919)</b>	<b>212,123</b>
Fund balance, July 01, 2018	498,042	498,042	586,886	88,844
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,967</b>	<b>\$ 300,967</b>

## **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, 2019

	Debt Service	City Hall	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 346	\$ 142,178	\$ 142,524
Receivables:			
Taxes	3,447	-	3,447
<b>Total assets</b>	<b>\$ 3,793</b>	<b>\$ 142,178</b>	<b>\$ 145,971</b>
 <b><u>LIABILITIES</u></b>			
Contingent liabilities (see footnote 4)	\$ -	\$ 69,516	\$ 69,516
<b>Total liabilities</b>	<b>-</b>	<b>69,516</b>	<b>69,516</b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue-property taxes	3,447	-	3,447
<b>Total deferred inflows of resources</b>	<b>3,447</b>	<b>-</b>	<b>3,447</b>
 <b><u>FUND BALANCES</u></b>			
Restricted	346	-	346
Assigned	-	72,662	72,662
<b>Total fund balances</b>	<b>346</b>	<b>72,662</b>	<b>73,008</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,793</b>	<b>\$ 142,178</b>	<b>\$ 145,971</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Debt Service	City Hall	Totals
<u>Revenues</u>			
Property taxes	\$ 12,721	\$ -	\$ 12,721
Intergovernmental	142,916	-	142,916
Facilities charge	116,658	-	116,658
Pension bond charge	261,882	-	261,882
Interest	2,774	11,660	14,434
<b>Total revenues</b>	<b>536,951</b>	<b>11,660</b>	<b>548,611</b>
<u>Expenditures</u>			
Debt service:			
Principal	741,202	-	741,202
Interest	283,171	-	283,171
<b>Total expenditures</b>	<b>1,024,373</b>	<b>-</b>	<b>1,024,373</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(487,422)</b>	<b>11,660</b>	<b>(475,762)</b>
<u>Other financing sources (uses)</u>			
Transfers in	439,959	-	439,959
Transfers out	-	(105,914)	(105,914)
<b>Total other financing sources (uses)</b>	<b>439,959</b>	<b>(105,914)</b>	<b>334,045</b>
<b>Net change in fund balances</b>	<b>(47,463)</b>	<b>(94,254)</b>	<b>(141,717)</b>
Fund balances, July 1, 2018	47,809	166,916	214,725
<b>Fund balances, June 30, 2019</b>	<b>\$ 346</b>	<b>\$ 72,662</b>	<b>\$ 73,008</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 4,730	\$ 4,730	\$ 12,721	\$ 7,991
Intergovernmental	142,916	142,916	142,916	-
Facilities charge	116,658	116,658	116,658	-
Pension bond charge	261,906	261,906	261,882	(24)
Interest	500	500	2,774	2,274
<b>Total revenues</b>	<b>526,710</b>	<b>526,710</b>	<b>536,951</b>	<b>10,241</b>
<u>Expenditures</u>				
Debt service				
Principal	734,681	734,681	741,202	(6,521)
Interest	289,692	289,692	283,171	6,521
<b>Total expenditures</b>	<b>1,024,373</b>	<b>1,024,373</b>	<b>1,024,373</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(497,663)</b>	<b>(497,663)</b>	<b>(487,422)</b>	<b>10,241</b>
<u>Other financing sources (uses)</u>				
Transfers in	502,917	502,917	439,959	(62,958)
<b>Total other financing sources (uses)</b>	<b>502,917</b>	<b>502,917</b>	<b>439,959</b>	<b>(62,958)</b>
<b>Net change in fund balance</b>	<b>5,254</b>	<b>5,254</b>	<b>(47,463)</b>	<b>(52,717)</b>
Fund balance, July 01, 2018	46,455	46,455	47,809	1,354
<b>Fund balance, June 30, 2019</b>	<b>\$ 51,709</b>	<b>\$ 51,709</b>	<b>\$ 346</b>	<b>\$ (51,363)</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ -	\$ -	\$ 11,660	\$ 11,660
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>11,660</b>	<b>11,660</b>
<u>Expenditures</u>				
Contingency	69,466	69,466	-	69,466
<b>Total expenditures</b>	<b>69,466</b>	<b>69,466</b>	<b>-</b>	<b>69,466</b>
 Excess of revenues over (under) expenditures	 (69,466)	 (69,466)	 11,660	 81,126
<u>Other financing sources (uses)</u>				
Refunds	(436,778)	(436,778)	(376,484)	60,294
Transfers out	(105,914)	(105,914)	(105,914)	-
<b>Total other financing sources (uses)</b>	<b>(542,692)</b>	<b>(542,692)</b>	<b>(482,398)</b>	<b>60,294</b>
 Net change in fund balance	 (612,158)	 (612,158)	 (470,738)	 141,420
Fund balance, July 01, 2018	612,158	612,158	612,916	758
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 142,178</b>	<b>\$ 142,178</b>

Reconciliation to generally accepted accounting principles

Contingency loss (69,516)

Fund balance, June 30, 2019 \$ 72,662

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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
- Governmental Capital Projects

## City of Newberg, Oregon

### COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2019

	Street System Development	Governmental Capital Projects	Totals
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,690,767	\$ 1,399,903	\$ 5,090,670
Receivables:			
Loans	77,800	-	77,800
Assessments	46,819	-	46,819
<b>Total assets</b>	<b>\$ 3,815,386</b>	<b>\$ 1,399,903</b>	<b>\$ 5,215,289</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ -	\$ 116,323	\$ 116,323
<b>Total liabilities</b>	-	116,323	116,323
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue-system development charge notes	77,800	-	77,800
Unavailable revenue-special assessments	46,819	-	46,819
<b>Total deferred inflows of resources</b>	124,619	-	124,619
<b><u>FUND BALANCES</u></b>			
Restricted	3,690,767	1,283,580	4,974,347
<b>Total fund balances</b>	3,690,767	1,283,580	4,974,347
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,815,386</b>	<b>\$ 1,399,903</b>	<b>\$ 5,215,289</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	<u>Street System Development</u>	<u>Governmental Capital Projects</u>	<u>Totals</u>
<u>Revenues</u>			
Charges for services	\$ 1,211,512	\$ -	\$ 1,211,512
Assessments	25,356	-	25,356
Interest	90,953	-	90,953
<b>Total revenues</b>	<b>1,327,821</b>	<b>-</b>	<b>1,327,821</b>
<u>Expenditures</u>			
Capital outlay	-	1,013,476	1,013,476
<b>Total expenditures</b>	<b>-</b>	<b>1,013,476</b>	<b>1,013,476</b>
 Excess (deficiency) of revenues over expenditures	 1,327,821	 (1,013,476)	 314,345
<u>Other financing sources (uses)</u>			
Transfers out	(1,522,240)	-	(1,522,240)
<b>Total other financing sources (uses)</b>	<b>(1,522,240)</b>	<b>-</b>	<b>(1,522,240)</b>
 Net change in fund balances	 (194,419)	 (1,013,476)	 (1,207,895)
Fund balances, July 1, 2018	3,885,186	2,297,056	6,182,242
<b>Fund balances, June 30, 2019</b>	<b>\$ 3,690,767</b>	<b>\$ 1,283,580</b>	<b>\$ 4,974,347</b>

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 600,000	\$ 600,000	\$ 1,211,512	\$ 611,512
Grants	740,000	740,000	-	(740,000)
Assessments	3,800	3,800	25,356	21,556
Interest	51,000	51,000	90,953	39,953
<b>Total revenues</b>	<b>1,394,800</b>	<b>1,394,800</b>	<b>1,327,821</b>	<b>(66,979)</b>
<u>Expenditures</u>				
Contingency	1,077,921	167,938	-	167,938
<b>Total expenditures</b>	<b>1,077,921</b>	<b>167,938</b>	<b>-</b>	<b>167,938</b>
Excess (deficiency) of revenues over expenditures	316,879	1,226,862	1,327,821	100,959
<u>Other financing sources (uses)</u>				
Transfers out	(2,604,000)	(3,513,983)	(1,522,240)	1,991,743
<b>Total other financing sources (uses)</b>	<b>(2,604,000)</b>	<b>(3,513,983)</b>	<b>(1,522,240)</b>	<b>1,991,743</b>
Net change in fund balance	(2,287,121)	(2,287,121)	(194,419)	2,092,702
Fund balance, July 01, 2018	2,287,121	2,287,121	3,885,186	1,598,065
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,690,767</b>	<b>\$ 3,690,767</b>

## City of Newberg, Oregon

### GOVERNMENTAL CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Grants	\$ -	\$ 815,687	\$ -	\$ (815,687)
<b>Total revenues</b>	<b>-</b>	<b>815,687</b>	<b>-</b>	<b>(815,687)</b>
<u>Expenditures</u>				
Capital outlay	1,896,695	2,712,382	1,013,476	1,698,906
<b>Total expenditures</b>	<b>1,896,695</b>	<b>2,712,382</b>	<b>1,013,476</b>	<b>1,698,906</b>
Excess (deficiency) of revenues over expenditures	(1,896,695)	(1,896,695)	(1,013,476)	883,219
Net change in fund balance	(1,896,695)	(1,896,695)	(1,013,476)	883,219
Fund balance, July 01, 2018	1,896,695	1,896,695	2,297,056	400,361
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,283,580</b>	<b>\$ 1,283,580</b>

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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 activities are accounted for in the following separate funds:

#### Water

Water (operating)  
Water System Development

#### Wastewater

Wastewater (operating)  
Wastewater System Development

#### Stormwater

Stormwater (operating)  
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 BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for services	\$ 5,888,152	\$ 5,888,152	\$ 6,123,665	\$ 235,513
Interest	135,000	135,000	288,130	153,130
Miscellaneous	13,200	13,200	38,476	25,276
<b>Total revenues</b>	<b>6,036,352</b>	<b>6,036,352</b>	<b>6,450,271</b>	<b>413,919</b>
<u>Expenditures</u>				
Public works	4,116,709	4,116,709	3,880,319	236,390
Debt service:				
Principal	350,891	350,891	350,891	-
Interest	63,767	63,767	63,767	-
Contingency	2,180,442	2,180,442	-	2,180,442
<b>Total expenditures</b>	<b>6,711,809</b>	<b>6,711,809</b>	<b>4,294,977</b>	<b>2,416,832</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(675,457)</b>	<b>(675,457)</b>	<b>2,155,294</b>	<b>2,830,751</b>
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	300	300
Transfers In	36,982	36,982	36,982	-
Transfers Out	(2,736,774)	(2,736,774)	(450,635)	2,286,139
<b>Total other financing sources (uses)</b>	<b>(2,699,792)</b>	<b>(2,699,792)</b>	<b>(413,353)</b>	<b>2,286,439</b>
Net change in fund balance	(3,375,249)	(3,375,249)	1,741,941	5,117,190
Fund balance, July 1, 2018	10,196,690	10,196,690	10,801,834	605,144
<b>Fund balance, June 30, 2019</b>	<b>\$ 6,821,441</b>	<b>\$ 6,821,441</b>	<b>\$12,543,775</b>	<b>\$ 5,722,334</b>



## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 320,000	\$ 320,000	\$ 652,350	\$ 332,350
Assessments	900	900	3,128	2,228
Interfund loan repayment	-	-	64,535	64,535
Interest	3,600	3,600	7,767	4,167
<b>Total revenues</b>	<b>324,500</b>	<b>324,500</b>	<b>727,780</b>	<b>403,280</b>
<u>Expenditures</u>				
Debt service:				
Principal	614,684	614,684	614,684	-
Interest	182,652	182,652	182,652	-
<b>Total expenditures</b>	<b>797,336</b>	<b>797,336</b>	<b>797,336</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(472,836)</b>	<b>(472,836)</b>	<b>(69,556)</b>	<b>403,280</b>
<u>Other financing sources (uses)</u>				
Transfers in	249,713	249,713	-	(249,713)
<b>Total other financing sources (uses)</b>	<b>249,713</b>	<b>249,713</b>	<b>-</b>	<b>(249,713)</b>
<b>Net change in fund balance</b>	<b>(223,123)</b>	<b>(223,123)</b>	<b>(69,556)</b>	<b>153,567</b>
Fund balance, July 1, 2018	223,123	223,123	314,198	91,075
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 244,642</b>	<b>\$ 244,642</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 8,172,163	\$ 8,172,163	\$ 8,480,537	\$ 308,374
Interest	185,000	185,000	279,917	94,917
Miscellaneous	10,800	10,800	14,989	4,189
<b>Total revenues</b>	<b>8,367,963</b>	<b>8,367,963</b>	<b>8,775,443</b>	<b>407,480</b>
<u>Expenditures</u>				
Public works	5,999,221	5,999,221	5,250,374	748,847
Debt service:				
Principal	1,646,230	1,646,230	1,596,914	49,316
Interest	653,391	653,391	499,641	153,750
Contingency	1,980,661	1,478,161	-	1,478,161
<b>Total expenditures</b>	<b>10,279,503</b>	<b>9,777,003</b>	<b>7,346,929</b>	<b>2,430,074</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,911,540)</b>	<b>(1,409,040)</b>	<b>1,428,514</b>	<b>2,837,554</b>
<u>Other financing sources (uses)</u>				
Special payments - loans	(50,000)	(50,000)	-	50,000
Sale of capital assets	-	-	59,244	59,244
Transfers out	(1,644,500)	(2,147,000)	(1,613,044)	533,956
<b>Total other financing sources (uses)</b>	<b>(1,694,500)</b>	<b>(2,197,000)</b>	<b>(1,553,800)</b>	<b>643,200</b>
<b>Net change in fund balance</b>	<b>(3,606,040)</b>	<b>(3,606,040)</b>	<b>(125,286)</b>	<b>3,480,754</b>
Fund balance, July 1, 2018	10,336,315	10,336,315	11,761,811	1,425,496
<b>Fund balance, June 30, 2019</b>	<b>\$ 6,730,275</b>	<b>\$ 6,730,275</b>	<b>\$11,636,525</b>	<b>\$ 4,906,250</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 750,000	\$ 750,000	\$ 1,359,263	\$ 609,263
Assessments	-	-	3,261	3,261
Interest	70,000	70,000	162,556	92,556
<b>Total revenues</b>	<b>820,000</b>	<b>820,000</b>	<b>1,525,080</b>	<b>705,080</b>
<u>Expenditures</u>				
Debt service:				
Principal	143,967	143,967	143,967	-
Interest	66,020	66,020	66,020	-
Contingency	4,130,554	3,908,054	-	3,908,054
<b>Total expenditures</b>	<b>4,340,541</b>	<b>4,118,041</b>	<b>209,987</b>	<b>3,908,054</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,520,541)</b>	<b>(3,298,041)</b>	<b>1,315,093</b>	<b>4,613,134</b>
<u>Other financing sources (uses)</u>				
Transfers out	(1,450,500)	(1,673,000)	(652,328)	1,020,672
<b>Total other financing sources (uses)</b>	<b>(1,450,500)</b>	<b>(1,673,000)</b>	<b>(652,328)</b>	<b>1,020,672</b>
<b>Net change in fund balance</b>	<b>(4,971,041)</b>	<b>(4,971,041)</b>	<b>662,765</b>	<b>5,633,806</b>
Fund balance, July 1, 2018	4,971,041	4,971,041	5,966,311	995,270
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,629,076</b>	<b>\$ 6,629,076</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 1,651,691	\$ 1,651,691	\$ 1,694,656	\$ 42,965
Interest	13,000	13,000	17,793	4,793
Miscellaneous	-	-	1	1
<b>Total revenues</b>	<b>1,664,691</b>	<b>1,664,691</b>	<b>1,712,450</b>	<b>47,759</b>
<u>Expenditures</u>				
Public works	1,424,885	1,424,885	1,269,820	155,065
Contingency	551,923	551,923	-	551,923
<b>Total expenditures</b>	<b>1,976,808</b>	<b>1,976,808</b>	<b>1,269,820</b>	<b>706,988</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(312,117)</b>	<b>(312,117)</b>	<b>442,630</b>	<b>754,747</b>
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	300	300
Transfers out	(111,000)	(111,000)	(6,600)	104,400
<b>Total other financing sources (uses)</b>	<b>(111,000)</b>	<b>(111,000)</b>	<b>(6,300)</b>	<b>104,700</b>
<b>Net change in fund balance</b>	<b>(423,117)</b>	<b>(423,117)</b>	<b>436,330</b>	<b>859,447</b>
<b>Fund balance, July 1, 2018</b>	<b>423,117</b>	<b>423,117</b>	<b>603,028</b>	<b>179,911</b>
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,039,358</b>	<b>\$ 1,039,358</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 41,000	\$ 41,000	\$ 55,812	\$ 14,812
Interest	1,500	1,500	4,382	2,882
<b>Total revenues</b>	<b>42,500</b>	<b>42,500</b>	<b>60,194</b>	<b>17,694</b>
<u>Expenditures</u>				
Contingency	126,682	126,682	-	126,682
<b>Total expenditures</b>	<b>126,682</b>	<b>126,682</b>	<b>-</b>	<b>126,682</b>
Excess (deficiency) of revenues over expenditures	(84,182)	(84,182)	60,194	144,376
<u>Other financing sources (uses)</u>				
Transfers out	(9,000)	(9,000)	(347)	8,653
<b>Total other financing sources (uses)</b>	<b>(9,000)</b>	<b>(9,000)</b>	<b>(347)</b>	<b>8,653</b>
Net change in fund balance	(93,182)	(93,182)	59,847	153,029
Fund balance, July 1, 2018	107,416	107,416	137,312	29,896
<b>Fund balance, June 30, 2019</b>	<b>\$ 14,234</b>	<b>\$ 14,234</b>	<b>\$ 197,159</b>	<b>\$ 182,925</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Expenditures</u>				
Capital outlay	\$ 5,724,000	\$ 6,449,000	\$ 2,722,954	\$ 3,726,046
<b>Total expenditures</b>	<b>5,724,000</b>	<b>6,449,000</b>	<b>2,722,954</b>	<b>3,726,046</b>
Excess (deficiency) of revenues over expenditures	(5,724,000)	(6,449,000)	(2,722,954)	3,726,046
<u>Other financing sources (uses)</u>				
Transfers in	5,724,000	6,449,000	2,722,954	(3,726,046)
<b>Total other financing sources (uses)</b>	<b>5,724,000</b>	<b>6,449,000</b>	<b>2,722,954</b>	<b>(3,726,046)</b>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2018	-	-	-	-
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## City of Newberg

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

For the Year Ended June 30, 2019

Fund	Water		Wastewater	
	Revenues	Expenditures	Revenues	Expenditures
Water	\$ 6,450,271	\$ 4,294,977	\$ -	\$ -
Water System Development	727,780	797,336	-	-
Wastewater	-	-	8,775,443	7,346,929
Wastewater System Development	-	-	1,525,080	209,987
Stormwater	-	-	-	-
Stormwater System Development	-	-	-	-
Proprietary Capital Projects	-	450,635	-	2,265,372
Total revenues and expenditures (budgetary basis)	7,178,051	5,542,948	10,300,523	9,822,288
<u>Adjustments</u>				
Depreciation	-	1,335,455	-	2,791,491
Contributed capital	(652,350)	-	(1,359,263)	-
Gain on sale of capital assets	300	-	410	-
Interfund loan principal repayment	(63,270)	-	-	-
Principal payments	-	(965,575)	-	(1,740,881)
Interest accrual	-	(21,733)	-	(47,226)
Assessment receivable collections	(3,128)	-	(3,261)	-
Expenditures capitalized	-	(389,384)	-	(2,424,013)
Change in compensated absences	-	765	-	(6,144)
Change in unavailable revenue	1,403	-	7,110	-
Change in pension related activities	-	32,451	-	178,544
Change in other postemployment benefit related activities	-	1,989	-	2,878
Total revenues and expenses (accrual basis)	6,461,006	5,536,916	8,945,519	8,576,937
Net income (loss) before contributions and transfers		\$ 924,090		\$ 368,582



Stormwater		Emergency Medical Services		Totals	
Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
\$ -	\$ -	\$ -	\$ -	\$ 6,450,271	\$ 4,294,977
-	-	-	-	727,780	797,336
-	-	-	-	8,775,443	7,346,929
-	-	-	-	1,525,080	209,987
1,712,450	1,269,820	-	-	1,712,450	1,269,820
60,194	-	-	-	60,194	-
-	6,947	-	-	-	2,722,954
<u>1,772,644</u>	<u>1,276,767</u>	-	-	<u>19,251,218</u>	<u>16,642,003</u>
-	319,394	-	36,231	-	4,482,571
(55,812)	-	-	-	(2,067,425)	-
300	-	-	-	1,010	-
-	-	-	-	(63,270)	-
-	-	-	-	-	(2,706,456)
-	-	-	-	-	(68,959)
-	-	-	-	(6,389)	-
-	(6,947)	-	-	-	(2,820,344)
-	(12,803)	-	-	-	(18,182)
-	-	-	-	8,513	-
-	(101,061)	-	-	-	109,934
-	1,007	-	-	-	5,874
<u>1,717,132</u>	<u>1,476,357</u>	-	<u>36,231</u>	<u>17,123,657</u>	<u>15,626,441</u>
	<u>\$ 240,775</u>		<u>\$ (36,231)</u>		<u>\$ 1,497,216</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, 2019

	Administrative Support Services	Vehicle/ Equipment Replacement	Totals
<b><u>ASSETS</u></b>			
<b><u>Current assets</u></b>			
Cash and investments	\$ 1,488,815	\$ 2,555,883	\$ 4,044,698
Accounts and other receivables	1,554	-	1,554
Inventory	22,345	-	22,345
<b>Total current assets</b>	<b>1,512,714</b>	<b>2,555,883</b>	<b>4,068,597</b>
<b><u>Noncurrent assets</u></b>			
Other postemployment benefits asset	8,961	-	8,961
Capital assets, net of depreciation	161,273	1,750,476	1,911,749
<b>Total noncurrent assets</b>	<b>170,234</b>	<b>1,750,476</b>	<b>1,920,710</b>
<b>Total assets</b>	<b>1,682,948</b>	<b>4,306,359</b>	<b>5,989,307</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related items	1,602,843	-	1,602,843
Other post-employment benefit related items	7,885	-	7,885
<b>Total deferred outflows of resources</b>	<b>1,610,728</b>	<b>-</b>	<b>1,610,728</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable	93,302	3,208	96,510
Payroll payables	906,949	-	906,949
Compensated absences	213,474	-	213,474
Current portion of capital leases payable	-	47,963	47,963
<b>Total current liabilities</b>	<b>1,213,725</b>	<b>51,171</b>	<b>1,264,896</b>
<b><u>Long-term obligations</u></b>			
Notes payable, net of current portion	-	75,175	75,175
Net pension liability	4,732,380	-	4,732,380
Other postemployment benefits obligation	116,709	-	116,709
<b>Total long-term obligations</b>	<b>4,849,089</b>	<b>75,175</b>	<b>4,924,264</b>
<b>Total liabilities</b>	<b>6,062,814</b>	<b>126,346</b>	<b>6,189,160</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related items	842,099	-	842,099
Other post-employment benefit related items	10,230	-	10,230
<b>Total deferred inflows of resources</b>	<b>852,329</b>	<b>-</b>	<b>852,329</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	161,273	1,627,338	1,788,611
Unrestricted	(3,782,740)	2,552,675	(1,230,065)
<b>Total net position</b>	<b>\$ (3,621,467)</b>	<b>\$ 4,180,013</b>	<b>\$ 558,546</b>

## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	<u>Administrative Support Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Totals</u>
<u>Operating revenues</u>			
Internal service charge	\$ 4,924,370	\$ 1,022,106	\$ 5,946,476
Charges for services	31,010	11,117	42,127
Miscellaneous	269	-	269
<b>Total operating revenues</b>	<b>4,955,649</b>	<b>1,033,223</b>	<b>5,988,872</b>
<u>Operating expenses</u>			
Personal services	3,258,973	-	3,258,973
Materials and services	1,819,700	138,615	1,958,315
Depreciation	19,333	413,886	433,219
<b>Total operating expenses</b>	<b>5,098,006</b>	<b>552,501</b>	<b>5,650,507</b>
<b>Operating income (loss)</b>	<b>(142,357)</b>	<b>480,722</b>	<b>338,365</b>
<u>Nonoperating revenues (expenses)</u>			
Interest	37,550	58,106	95,656
Gain (loss) on sale of capital assets	80	37,329	37,409
<b>Total nonoperating revenues (expenses)</b>	<b>37,630</b>	<b>95,435</b>	<b>133,065</b>
<b>Income (loss) before transfers</b>	<b>(104,727)</b>	<b>576,157</b>	<b>471,430</b>
Special item: disposal of fire & EMS	-	(187,247)	(187,247)
Transfers in	-	16,412	16,412
Transfers out	(3,362)	-	(3,362)
<b>Change in net position</b>	<b>(108,089)</b>	<b>405,322</b>	<b>297,233</b>
Total net position, July 1, 2018	(3,517,319)	3,774,691	257,372
Prior period adjustment	3,941	-	3,941
<b>Total net position, June 30, 2019</b>	<b>\$ (3,621,467)</b>	<b>\$ 4,180,013</b>	<b>\$ 558,546</b>

**City of Newberg, Oregon**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2019

	Administrative Support Services	Vehicle/ Equipment Replacement	Totals
<u>Cash flows from operating activities</u>			
Cash received from other funds	\$ 4,958,757	\$ 1,033,223	\$ 5,991,980
Cash paid to suppliers	(1,807,237)	(172,303)	(1,979,540)
Cash paid to employees	(2,963,622)	-	(2,963,622)
Other receipts	269	-	269
Net cash provided by operating activities	188,167	860,920	1,049,087
<u>Cash flows from noncapital financing activities</u>			
Transfers in	-	16,412	16,412
Transfers out	(3,362)	-	(3,362)
Net cash provided by (used in) noncapital financing activities	(3,362)	16,412	13,050
<u>Cash flows from capital and related financing activities</u>			
Proceeds from capital lease	-	146,496	146,496
Sale of capital assets	80	42,205	42,285
Principal paid on long-term obligations	-	(39,346)	(39,346)
Purchase of capital assets	(10,939)	(523,902)	(534,841)
Net cash provided by (used in) capital and related financing activities	(10,859)	(374,547)	(385,406)
<u>Cash flows from investing activities</u>			
Interest received on investments	37,550	58,106	95,656
Net cash provided by investing activities	37,550	58,106	95,656
Net increase (decrease) in cash	211,496	560,891	772,387
Cash and investments, July 1, 2018	1,277,319	1,994,992	3,272,311
Cash and investments, June 30, 2019	\$ 1,488,815	\$ 2,555,883	\$ 4,044,698

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

Operating income (loss)	\$ (142,357)	\$ 480,722	\$ 338,365
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Adjustments to reconcile operating income (loss) to net cash  
provided by operating activities:

Depreciation and amortization	19,333	413,886	433,219
(Increase) decrease in OPEB related items	3,565	-	3,565
(Increase) decrease in accounts receivable	3,377	-	3,377
(Increase) decrease in inventory	(1,167)	-	(1,167)
Increase (decrease) in accounts payable	13,630	(33,688)	(20,058)
Increase (decrease) in payroll payable	171,618	-	171,618
Increase (decrease) in compensated absences	1,071	-	1,071
Increase (decrease) in pension related items	119,097	-	119,097
Net cash provided by operating activities	\$ 188,167	\$ 860,920	\$ 1,049,087

Noncash capital activities

Special item - disposal of fire & EMS services	\$ -	\$ (187,247)	\$ (187,247)
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## City of Newberg, Oregon

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Internal service charges	\$ 5,034,370	\$ 5,034,370	\$ 4,924,370	\$ (110,000)
Intergovernmental	6,418	6,418	14,477	8,059
Charges for services	15,300	15,300	16,533	1,233
Interest	20,000	20,000	37,550	17,550
Miscellaneous	-	-	269	269
<b>Total revenues</b>	<b>5,076,088</b>	<b>5,076,088</b>	<b>4,993,199</b>	<b>(82,889)</b>
<u>Expenditures</u>				
Departmental:				
City manager	829,821	864,545	805,727	58,818
Finance	1,127,665	1,127,665	1,106,202	21,463
General office	158,547	196,711	213,620	(16,909)
Information services	1,091,945	1,120,645	1,090,252	30,393
Legal	493,095	493,095	445,561	47,534
Public works	1,077,386	1,077,386	986,371	91,015
Insurance	390,132	390,132	318,146	71,986
Contingency	283,072	181,484	-	181,484
<b>Total expenditures</b>	<b>5,451,663</b>	<b>5,451,663</b>	<b>4,965,879</b>	<b>485,784</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(375,575)</b>	<b>(375,575)</b>	<b>27,320</b>	<b>402,895</b>
<u>Other financing sources (uses)</u>				
Transfers out	(3,362)	(3,362)	(3,362)	-
Proceeds from sale of capital assets	-	-	80	80
<b>Total other financing sources (uses)</b>	<b>(3,362)</b>	<b>(3,362)</b>	<b>(3,282)</b>	<b>80</b>
Net change in fund balance	(378,937)	(378,937)	24,038	402,975
Fund balance, July 1, 2018	378,937	378,937	488,425	109,488
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 512,463</b>	<b>\$ 512,463</b>

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Internal service charges	\$ 1,038,455	\$ 1,038,455	\$ 1,022,106	\$ (16,349)
Charges for services	2,600	2,600	11,117	8,517
Interest	25,000	25,000	58,106	33,106
<b>Total revenues</b>	<b>1,066,055</b>	<b>1,066,055</b>	<b>1,091,329</b>	<b>25,274</b>
<u>Expenditures</u>				
Departmental:				
Manager	1,494	1,494	-	1,494
Human resources	1,033	1,033	-	1,033
Finance	27,936	27,936	-	27,936
Municipal court	4,196	4,196	-	4,196
Information technology	254,200	254,200	189,287	64,913
Legal	432	432	-	432
Police	536,899	536,899	156,639	380,260
Communications	169,201	169,201	-	169,201
Library	12,745	12,745	843	11,902
Building inspection	29,360	29,360	-	29,360
Public works	1,629,478	1,629,478	242,074	1,387,404
Facilities repair/maintenance	309,731	309,731	113,020	196,711
<b>Total expenditures</b>	<b>2,976,705</b>	<b>2,976,705</b>	<b>701,863</b>	<b>2,274,842</b>
Excess (deficiency) of revenues over expenditures	(1,910,650)	(1,910,650)	389,466	2,300,116
<u>Other financing sources</u>				
Capital lease proceeds	195,000	195,000	146,496	(48,504)
Sale of capital assets	-	-	42,205	42,205
Transfers in	16,412	16,412	16,412	-
<b>Total other financing sources</b>	<b>211,412</b>	<b>211,412</b>	<b>205,113</b>	<b>(6,299)</b>
Net change in fund balance	(1,699,238)	(1,699,238)	594,579	2,293,817
Fund balance, July 1, 2018	1,699,238	1,699,238	1,958,096	258,858
<b>Fund balance, June 30, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,552,675</b>	<b>\$ 2,552,675</b>



## 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, 2019

Fund	Administrative Support Services		Vehicle/ Equipment Replacement		Totals	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
Administrative Support Services	\$ 4,993,199	\$ 4,965,879	\$ -	\$ -	\$ 4,993,199	\$ 4,965,879
Vehicle/Equipment Replacement	-	-	1,091,329	701,863	1,091,329	701,863
Total revenues and expenditures (budgetary basis)	4,993,199	4,965,879	1,091,329	701,863	6,084,528	5,667,742
<b>Adjustments</b>						
Depreciation	-	19,333	-	413,886	-	433,219
Expenditures capitalized	-	(10,939)	-	(523,902)	-	(534,841)
Change in compensated absences	-	1,071	-	-	-	1,071
Change in other postemployment benefit related items	-	3,565	-	-	-	3,565
Change in pension related items	-	119,097	-	-	-	119,097
Payment of capital lease principal	-	-	-	(39,346)	-	(39,346)
Gain (loss) on sale of capital assets	80	-	37,329	-	37,409	-
Total revenues and expenses (accrual basis)	4,993,279	5,098,006	1,128,658	552,501	6,121,937	5,650,507
Net income before transfers		\$ (104,727)		\$ 576,157		\$ 471,430

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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, 2019

	Balances			Balances
<u>ASSETS</u>	7/1/2018	Additions	Deductions	6/30/2019
Cash	\$ 71,734	\$ 719,071	\$ 717,201	\$ 73,604
<u>LIABILITIES</u>				
Accounts payable	\$ 7,068	\$ 91,873	\$ 90,383	\$ 8,558
Due to others	64,666	505	125	65,046
Total liabilities	\$ 71,734	\$ 92,378	\$ 90,508	\$ 73,604

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## **Other Financial Schedules**

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- Schedule of Property Tax Transactions and Outstanding Balances
- Schedule of Outstanding Obligations

**City of Newberg, Oregon**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**

For the Year Ended June 30, 2019

<u>Levy Year</u>	<u>Taxes Uncollected July 1, 2017</u>	<u>Levy As Extended By Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Charged</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax Collected</u>	<u>Taxes Uncollected June 30, 2018</u>
2018-19	\$ -	\$ 4,770,467	\$ (128,980)	\$ 5,981	\$ (13,397)	\$ (4,505,104)	\$ 128,968
2017-18	230,441	-	670	5,271	(24,104)	(102,302)	109,975
2016-17	143,593	-	(371)	5,107	(26,377)	(54,546)	67,407
2015-16	82,515	-	(408)	3,661	(23,976)	(39,202)	22,591
2014-15	53,208	-	(782)	905	(7,671)	(42,659)	3,000
Prior to 2014	172,178	-	(3,263)	4,379	(9,267)	(131,555)	32,472
<b>Totals</b>	<b>\$ 681,934</b>	<b>\$ 4,770,467</b>	<b>\$ (133,134)</b>	<b>\$ 25,305</b>	<b>\$ (104,792)</b>	<b>\$ (4,875,369)</b>	<b>\$ 364,412</b>

<u>Fund</u>	<u>Revenue</u>			<u>Receivable June 30, 2019</u>
	<u>Current Levy</u>	<u>Prior Years</u>	<u>Total</u>	
General	\$ 4,505,104	\$ 357,544	\$ 4,862,648	\$ 360,965
Debt Service	-	12,721	12,721	3,447
<b>Totals</b>	<b>\$ 4,505,104</b>	<b>\$ 370,265</b>	<b>\$ 4,875,369</b>	<b>\$ 364,412</b>



**City of Newberg, Oregon**

**OUTSTANDING OBLIGATIONS**

June 30, 2019

<u>Class and Series</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding</u>
<b>Full Faith and Credit Obligations</b>				
Limited Tax Pension Bonds	5/27/04	6/1/28	\$ 2,720,000	\$ 2,045,000
ODOT-OTIB Loan*	7/1/13	1/25/36	2,211,200	1,314,420
2015 Refunding Bonds**	6/29/15	12/1/25	11,616,270	5,988,211
2018 Communications Upgrade Financing Agreement	3/29/18	6/1/28	3,197,301	2,932,361
<b>Total Full Faith and Credit Obligations</b>			<u>19,744,771</u>	<u>12,279,992</u>
<b>Revenue Obligations</b>				
Notes Payable, Public Works, Business Oregon**	5/31/07	12/1/28	8,525,632	5,050,693
Clean Water State Revolving Loan, Public Works, DEQ	2/14/11***	4/1/36	24,810,545	21,114,831
<b>Total Revenue Obligations</b>			<u>33,336,177</u>	<u>26,165,524</u>
<b>Capital Leases</b>				
Computer Storage	7/24/18	7/24/21	146,496	123,138
<b>Total Capital Leases</b>			<u>146,496</u>	<u>123,138</u>
<b>Total Outstanding Obligations</b>			<u>\$ 53,227,444</u>	<u>\$ 38,568,654</u>

\* Loan still in drawdown status. Outstanding amount represents current loan balance.

\*\* Unamortized note premium/discount included in outstanding total

\*\*\* Two separate Clean Water State Revolving Loans were refinanced and restructured into one loan in Fiscal Year 17-18. They were combined on this report to reflect the restructuring, noting the dated date of the first of the two loans.

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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.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how financial performance has changed over time.	142
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, which is property taxes.	152
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.	157
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.	163
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.	165

## City of Newberg, Oregon

### NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(Accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Governmental Activities</b>					
Net investment in capital assets*	\$ 71,760,718	\$ 71,853,007	\$ 72,772,287	\$ 72,713,803	\$ 74,161,008
Restricted	2,346,040	4,552,371	4,027,009	4,031,753	4,025,054
Unrestricted*	<u>6,110,359</u>	<u>4,089,120</u>	<u>4,119,630</u>	<u>4,556,067</u>	<u>3,006,288</u>
Total governmental activities net position	<u>80,217,117</u>	<u>80,494,498</u>	<u>80,918,926</u>	<u>81,301,623</u>	<u>81,192,350</u>
<b>Business-type activities</b>					
Net investment in capital assets	46,663,993	46,835,580	46,213,627	45,140,069	50,349,199
Restricted	3,680,309	2,989,978	2,281,995	2,614,036	3,324,341
Unrestricted	<u>8,735,201</u>	<u>9,836,775</u>	<u>13,214,045</u>	<u>16,978,006</u>	<u>14,741,960</u>
Total business-type activities net of related debt	<u>59,079,503</u>	<u>59,662,333</u>	<u>61,709,667</u>	<u>64,732,111</u>	<u>68,415,500</u>
<b>Total government</b>					
Net investment in capital assets	118,424,711	118,688,587	118,985,914	117,853,872	124,510,207
Restricted	6,026,349	7,542,349	6,309,004	6,645,789	7,349,395
Unrestricted	<u>14,845,560</u>	<u>13,925,895</u>	<u>17,333,675</u>	<u>21,534,073</u>	<u>17,748,248</u>
Total government net position	<u>\$ 139,296,620</u>	<u>\$ 140,156,831</u>	<u>\$ 142,628,593</u>	<u>\$ 146,033,734</u>	<u>\$ 149,607,850</u>

\*During preparation of 2016 CAFR, an error in the calculation of 2015 net investment in capital assets was noted. The 2015 net investment in capital assets and unrestricted net position above are as restated.

Fiscal Year				
2015	2016	2017	2018	2019
\$ 73,333,280	\$ 73,904,455	\$ 73,936,943	\$ 75,051,501	\$ 72,704,092
5,698,807	5,602,325	5,569,797	7,522,090	9,774,136
(4,946,877)	(9,185,414)	(10,058,023)	(10,896,899)	(10,229,070)
<u>74,085,210</u>	<u>70,321,366</u>	<u>69,448,717</u>	<u>71,676,692</u>	<u>72,249,158</u>
47,953,509	50,238,503	51,252,029	54,630,631	56,059,282
4,306,900	5,516,693	5,785,305	6,417,821	7,070,877
<u>18,042,289</u>	<u>16,783,799</u>	<u>16,913,651</u>	<u>18,088,071</u>	<u>20,555,164</u>
<u>70,302,698</u>	<u>72,538,995</u>	<u>73,950,985</u>	<u>79,136,523</u>	<u>83,685,323</u>
121,286,789	124,142,958	125,188,972	129,682,132	128,763,374
10,005,707	11,119,018	11,355,102	13,939,911	16,845,013
<u>13,095,412</u>	<u>7,598,385</u>	<u>6,855,628</u>	<u>7,191,172</u>	<u>10,326,094</u>
<u>\$ 144,387,908</u>	<u>\$ 142,860,361</u>	<u>\$ 143,399,702</u>	<u>\$ 150,813,215</u>	<u>\$ 155,934,481</u>

**City of Newberg, Oregon**

**CHANGES IN NET POSITION**

Last Ten Fiscal Years  
(Accrual basis of accounting )

<b>Expenses</b>	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Governmental activities:</b>					
General government	\$ 361,813	\$ 417,234	\$ 411,536	\$ 436,083	\$ 499,907
Public safety	9,086,595	9,683,875	9,871,835	10,152,102	10,863,373
Library	1,183,292	1,186,342	1,183,478	1,174,400	1,190,740
Community development	4,085,772	3,608,329	3,324,353	3,297,494	3,891,844
Interest on long-term debt	404,098	378,151	353,888	341,909	83,029
<b>Total governmental activities expenses</b>	<b>15,121,570</b>	<b>15,273,931</b>	<b>15,145,090</b>	<b>15,401,988</b>	<b>16,528,893</b>
<b>Business-type activities:</b>					
Water	4,739,890	4,707,573	4,742,088	4,329,778	4,375,856
Wastewater	5,682,979	5,294,525	5,150,703	5,269,139	5,380,122
Stormwater	952,843	912,775	896,620	1,100,967	1,033,464
EMS	1,270,558	1,359,094	1,345,821	1,381,016	1,512,335
<b>Total business-type activities expenses</b>	<b>12,646,270</b>	<b>12,273,967</b>	<b>12,135,232</b>	<b>12,080,900</b>	<b>12,301,777</b>
<b>Total government expenses</b>	<b>\$ 27,767,840</b>	<b>\$ 27,547,898</b>	<b>\$ 27,280,322</b>	<b>\$ 27,482,888</b>	<b>\$ 28,830,670</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	\$ 197,832	\$ 203,527	\$ 184,110	\$ 204,820	\$ 372,919
Public safety	1,885,978	1,927,700	1,880,349	1,858,515	2,025,314
Library	110,247	121,091	104,548	109,537	106,931
Community development	891,764	909,194	1,258,592	1,334,617	1,329,636
Operating grants and contributions	1,025,250	1,225,730	1,247,155	1,258,935	1,602,797
Capital grants and contributions	92,765	1,515,682	778,224	777,117	770,008
<b>Total governmental activities program revenues</b>	<b>4,203,836</b>	<b>5,902,924</b>	<b>5,452,978</b>	<b>5,543,541</b>	<b>6,207,605</b>
<b>Business-type activities:</b>					
Charges for services:					
Water	3,981,095	4,271,320	4,628,754	4,744,342	5,024,743
Wastewater	4,784,182	5,718,881	6,541,498	6,590,995	6,809,455
Stormwater	575,295	673,550	776,785	866,371	1,098,072
EMS	1,155,323	1,211,671	1,291,679	1,447,325	1,599,863
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,031,100	920,964	761,804	1,336,257	1,097,561
<b>Total business-type activities program revenues</b>	<b>11,526,995</b>	<b>12,796,386</b>	<b>14,000,520</b>	<b>14,985,290</b>	<b>15,629,694</b>
<b>Total government program revenues</b>	<b>\$ 15,730,831</b>	<b>\$ 18,699,310</b>	<b>\$ 19,453,498</b>	<b>\$ 20,528,831</b>	<b>\$ 21,837,299</b>

Continued on page 145



Fiscal Year				
2015	2016	2017	2018	2019
\$ 422,183	\$ 632,904	\$ 614,756	\$ 456,661	\$ 1,030,070
9,155,182	14,665,091	13,566,131	14,122,328	9,157,630
1,196,717	1,418,213	1,641,950	1,880,375	1,837,917
3,698,872	4,956,971	4,637,468	6,051,823	6,020,860
234,723	232,287	220,534	190,013	277,987
<u>14,707,677</u>	<u>21,905,466</u>	<u>20,680,839</u>	<u>22,701,200</u>	<u>18,324,464</u>
4,179,182	4,519,569	4,764,433	5,091,557	5,332,789
5,616,297	6,189,926	8,118,983	9,015,163	8,351,624
1,121,214	1,823,882	1,999,951	1,474,100	1,449,335
1,533,734	2,327,754	896,225	305,867	36,231
<u>12,450,427</u>	<u>14,861,131</u>	<u>15,779,592</u>	<u>15,886,687</u>	<u>15,169,979</u>
<u>\$ 27,158,104</u>	<u>\$ 36,766,597</u>	<u>\$ 36,460,431</u>	<u>\$ 38,587,887</u>	<u>\$ 33,494,443</u>
\$ 1,000,426	\$ 1,069,564	\$ 1,097,664	\$ 1,164,740	\$ 1,492,422
2,078,460	2,107,389	1,984,542	2,036,208	1,758,612
153,649	106,993	125,236	114,132	123,031
1,890,405	1,903,759	2,094,345	3,282,887	2,989,347
1,522,076	1,597,758	1,654,806	1,807,470	2,271,638
-	206,672	1,117,673	3,549,009	2,603,568
<u>6,645,016</u>	<u>6,992,135</u>	<u>8,074,266</u>	<u>11,954,446</u>	<u>11,238,618</u>
6,055,711	5,456,414	5,393,100	6,005,357	6,163,544
8,593,486	7,367,995	7,724,042	8,165,355	8,502,636
1,186,699	1,292,069	1,464,203	1,545,965	1,694,657
1,960,321	2,225,533	354,158	26,618	-
-	-	-	-	-
1,833,719	1,082,540	2,285,508	4,296,733	2,801,688
<u>19,629,936</u>	<u>17,424,551</u>	<u>17,221,011</u>	<u>20,040,028</u>	<u>19,162,525</u>
<u>\$ 26,274,952</u>	<u>\$ 24,416,686</u>	<u>\$ 25,295,277</u>	<u>\$ 31,994,474</u>	<u>\$ 30,401,143</u>

Continued on pages 146 and 147

**City of Newberg, Oregon**

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years  
(Accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
Net (Expense)/Revenue					
Governmental activities	\$ (10,917,734)	\$ (9,371,007)	\$ (9,692,112)	\$ (9,858,447)	\$ (10,321,288)
Business-type activities	(1,119,275)	522,419	1,865,288	2,904,390	3,327,917
Total government net (expense)/revenue	<u>\$ (12,037,009)</u>	<u>\$ (8,848,588)</u>	<u>\$ (7,826,824)</u>	<u>\$ (6,954,057)</u>	<u>\$ (6,993,371)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 5,868,949	\$ 6,671,777	\$ 6,855,630	\$ 6,949,123	\$ 7,018,803
Franchise and public service taxes	2,691,385	2,889,224	3,119,051	2,325,471	3,285,287
Interest and investment earnings	225,064	45,373	45,339	53,407	59,666
Other revenues	65,961	38,653	175,632	45,486	31,831
Special items	-	-	-	-	-
Transfers	10,023	3,361	(79,112)	(21,078)	(22,853)
Total governmental activities	<u>8,861,382</u>	<u>9,648,388</u>	<u>10,116,540</u>	<u>9,352,409</u>	<u>10,372,734</u>
Business-type activities:					
Interest and investment earnings	307,681	58,772	67,729	92,954	106,089
Other revenues	12,971	5,000	35,205	4,022	65,818
Special items	-	-	-	-	-
Transfers	(10,023)	(3,361)	79,112	21,078	22,853
Total business-type activities	<u>310,629</u>	<u>60,411</u>	<u>182,046</u>	<u>118,054</u>	<u>194,760</u>
Total primary government	<u>\$ 9,172,011</u>	<u>\$ 9,708,799</u>	<u>\$ 10,298,586</u>	<u>\$ 9,470,463</u>	<u>\$ 10,567,494</u>
Change in Net Position					
Governmental activities	\$ (2,056,352)	\$ 277,381	\$ 424,428	\$ (506,038)	\$ 51,446
Business-type activities	(808,646)	582,830	2,047,334	3,022,444	3,522,677
Total primary government	<u>\$ (2,864,998)</u>	<u>\$ 860,211</u>	<u>\$ 2,471,762</u>	<u>\$ 2,516,406</u>	<u>\$ 3,574,123</u>

Continued on page 147

Fiscal Year				
2015	2016	2017	2018	2019
\$ (8,062,661)	\$ (14,913,331)	\$ (12,606,573)	\$ (10,746,754)	\$ (7,085,846)
7,179,509	2,563,420	1,441,419	4,153,341	3,992,546
<u>\$ (883,152)</u>	<u>\$ (12,349,911)</u>	<u>\$ (11,165,154)</u>	<u>\$ (6,593,413)</u>	<u>\$ (3,093,300)</u>
\$ 7,426,611	\$ 7,629,811	\$ 7,654,999	\$ 7,873,043	\$ 4,598,319
2,994,336	3,400,088	3,625,530	3,997,659	3,968,873
53,041	73,928	127,580	257,864	461,112
21,498	43,168	27,251	15,620	360,506
-	-	-	-	(1,940,134)
(227,840)	(2,458)	298,564	337,773	187,754
<u>10,267,646</u>	<u>11,144,537</u>	<u>11,733,924</u>	<u>12,481,959</u>	<u>7,636,430</u>
115,218	167,226	288,095	464,392	761,810
(79,234)	3,990	(18,960)	2,909	1,010
-	-	-	788,650	(26,049)
227,840	2,458	(298,564)	(337,773)	(187,754)
<u>263,824</u>	<u>173,674</u>	<u>(29,429)</u>	<u>918,178</u>	<u>549,017</u>
<u>\$ 10,531,470</u>	<u>\$ 11,318,211</u>	<u>\$ 11,704,495</u>	<u>\$ 13,400,137</u>	<u>\$ 8,185,447</u>
\$ 2,204,985	\$ (3,768,794)	\$ (872,649)	\$ 1,735,205	\$ 550,584
7,443,333	2,737,094	1,411,990	5,071,519	4,541,563
<u>\$ 9,648,318</u>	<u>\$ (1,031,700)</u>	<u>\$ 539,341</u>	<u>\$ 6,806,724</u>	<u>\$ 5,092,147</u>

## City of Newberg, Oregon

### FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified accrual basis of accounting )

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Unreserved	\$ 2,778,800	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Unassigned	-	2,503,809	2,674,367	2,835,743	2,362,206
Total General Fund	<u>\$ 2,778,800</u>	<u>\$ 2,503,809</u>	<u>\$ 2,674,367</u>	<u>\$ 2,835,743</u>	<u>\$ 2,362,206</u>
All Other Governmental Funds					
Reserved	\$ 2,368,927	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	2,839,521	-	-	-	-
Capital project funds	416,968	-	-	-	-
Nonspendable	-	49,468	61,362	57,729	57,685
Restricted	-	4,453,982	3,932,838	4,258,474	3,886,048
Committed	-	762,978	687,274	684,930	807,395
Assigned	-	806,601	766,877	717,296	548,803
Total all other governmental funds	<u>\$ 5,625,416</u>	<u>\$ 6,073,029</u>	<u>\$ 5,448,351</u>	<u>\$ 5,718,429</u>	<u>\$ 5,299,931</u>

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

Fiscal Year				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	179,840	-	-
<u>2,674,785</u>	<u>3,209,623</u>	<u>3,480,777</u>	<u>4,165,562</u>	<u>4,476,667</u>
<u><u>\$ 2,674,785</u></u>	<u><u>\$ 3,209,623</u></u>	<u><u>\$ 3,660,617</u></u>	<u><u>\$ 4,165,562</u></u>	<u><u>\$ 4,476,667</u></u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
53,792	54,587	64,850	90,779	65,492
4,721,327	5,361,925	5,402,640	9,638,005	9,580,578
848,020	773,340	824,480	859,311	942,462
535,601	509,076	552,745	166,916	72,662
<u>\$ 6,158,740</u>	<u>\$ 6,698,928</u>	<u>\$ 6,844,715</u>	<u>\$10,755,011</u>	<u>\$10,661,194</u>

## City of Newberg, Oregon

### CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified accrual basis of accounting)

Revenues	Fiscal Year		
	2010	2011	2012
Property taxes	\$ 6,116,052	\$ 6,629,781	\$ 6,814,277
Other taxes	1,785,188	1,735,291	1,844,391
Licenses and permits	438,833	376,568	843,466
Fees	448,378	475,736	514,986
Intergovernmental	2,889,274	3,209,095	3,982,000
Charges for services	507,505	637,049	533,780
Fines and forfeitures	702,616	685,684	623,455
Facilities charge	112,910	119,546	120,498
Pension bond charge	182,172	186,189	194,890
Assessments	66,251	131,627	5,439
Donations	67,347	529,588	53,530
Interest	47,415	31,170	32,300
Developer contributions	-	-	-
Miscellaneous	26,686	7,899	23,419
Total revenues	<u>13,390,627</u>	<u>14,755,223</u>	<u>15,586,431</u>
<b>Expenditures</b>			
General Government	269,939	323,249	330,951
Public safety	9,102,481	9,494,385	9,494,447
Library	1,128,967	1,136,938	1,268,749
Community development	2,532,012	2,267,846	1,868,672
Capital outlay	467,193	512,627	2,543,631
Debt service:			
Principal	445,000	475,000	510,000
Interest	398,504	375,917	351,313
Total expenditures	<u>14,344,096</u>	<u>14,585,962</u>	<u>16,367,763</u>
Excess of revenues over expenditures	<u>\$ (953,469)</u>	<u>\$ 169,261</u>	<u>\$ (781,332)</u>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	\$ -	\$ -	\$ -
Payment to bond escrow agent	-	-	-
Lease Proceeds	-	-	-
Proceeds from sale of assets	-	-	-
Proceeds from notes receivable	-	-	-
Transfers in	592,145	456,409	1,339,655
Transfers out	(547,784)	(453,048)	(1,012,443)
Total other financing sources (uses)	<u>44,361</u>	<u>3,361</u>	<u>327,212</u>
Net Change in Fund Balances	<u>\$ (909,108)</u>	<u>\$ 172,622</u>	<u>\$ (454,120)</u>
Debt service as a percentage of noncapital expenditures	<u>6.21%</u>	<u>6.62%</u>	<u>6.04%</u>

							Fiscal Year
2013	2014	2015	2016	2017	2018	2019	
\$ 6,933,299	\$ 7,004,018	\$ 7,376,480	\$ 7,628,659	\$ 7,708,562	\$ 7,871,722	\$ 4,915,842	
1,869,556	1,945,717	2,704,418	3,112,765	3,722,487	4,109,401	4,547,856	
916,400	603,080	1,404,062	1,498,722	1,652,558	2,101,984	1,697,758	
517,118	508,004	-	-	-	-	-	
3,810,606	4,711,331	2,575,355	2,679,966	3,791,599	3,380,635	3,718,353	
572,701	535,075	1,849,380	1,860,647	1,174,546	4,092,233	3,178,838	
614,150	725,889	685,679	605,215	615,698	593,431	611,570	
118,936	119,336	119,460	116,863	117,543	119,492	116,658	
203,052	210,645	222,499	228,612	238,995	248,417	261,882	
8,905	6,183	5,967	76,174	66,305	5,105	25,356	
325,352	119,537	27,269	44,468	39,597	36,033	48,773	
40,357	42,343	36,913	53,865	95,986	203,913	364,758	
-	-	-	-	-	342,750	575,320	
23,532	27,840	34,358	30,583	32,557	20,166	139,454	
<u>15,953,964</u>	<u>16,558,998</u>	<u>17,041,840</u>	<u>17,936,539</u>	<u>19,256,433</u>	<u>23,125,282</u>	<u>20,202,418</u>	
338,828	399,921	378,822	356,689	361,938	353,034	902,975	
9,133,580	10,337,832	10,775,424	11,233,236	11,916,380	12,560,978	9,312,641	
1,357,655	1,247,750	1,209,602	1,323,251	1,566,849	1,791,783	1,870,572	
1,930,845	2,214,119	2,054,285	2,276,773	2,717,196	3,270,441	3,143,804	
2,456,050	2,225,042	578,717	761,896	1,593,837	3,584,865	4,043,964	
540,000	580,000	625,000	702,572	622,066	453,590	741,202	
324,593	295,870	264,332	207,432	207,930	190,743	284,436	
<u>16,081,551</u>	<u>17,300,534</u>	<u>15,886,182</u>	<u>16,861,849</u>	<u>18,986,196</u>	<u>22,205,434</u>	<u>20,299,594</u>	
<u>\$ (127,587)</u>	<u>\$ (741,536)</u>	<u>\$ 1,155,658</u>	<u>\$ 1,074,690</u>	<u>\$ 270,237</u>	<u>\$ 919,848</u>	<u>\$ (97,176)</u>	
\$ -	\$ -	\$ 1,152,111	\$ -	\$ -	\$ 3,197,301	\$ -	
-	-	(1,144,658)	-	-	-	-	
619,407	32,748	-	-	-	-	-	
712	322	2,529	10,167	20,188	1,250	276,496	
-	-	-	-	-	-	88,000	
242,567	1,165,617	720,687	1,499,445	2,517,297	4,098,023	4,204,737	
(303,645)	(1,188,470)	(714,939)	(1,514,226)	(2,210,971)	(3,801,151)	(4,254,769)	
559,041	10,217	15,730	(4,614)	326,514	3,495,423	314,464	
<u>\$ 431,454</u>	<u>\$ (731,319)</u>	<u>\$ 1,171,388</u>	<u>\$ 1,070,076</u>	<u>\$ 596,751</u>	<u>\$ 4,415,271</u>	<u>\$ 217,288</u>	
<u>5.69%</u>	<u>5.70%</u>	<u>5.90%</u>	<u>5.68%</u>	<u>4.67%</u>	<u>3.28%</u>	<u>5.88%</u>	

## 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
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%
2014	1,462,861,480	45,241,848	38,064,650	1,546,167,978	4.6575	1,929,918,978	80.12%
2015	1,535,242,192	53,950,069	38,403,200	1,627,595,461	4.6438	2,103,273,498	77.38%
2016	1,602,235,701	51,624,237	42,697,000	1,696,556,938	4.6332	2,199,658,073	77.13%
2017	1,676,693,349	57,582,528	46,339,600	1,780,615,477	4.3827	2,380,377,182	74.80%
2018	1,755,208,908	54,704,504	45,281,815	1,855,195,227	4.3827	2,885,994,061	64.28%
2019	1,814,264,190	52,586,791	37,867,800	1,904,718,781	2.5000	3,124,480,898	60.96%

Information from the Yamhill County Assessment and Taxation Department



## City of Newberg, Oregon

### PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

<b>2018-19</b>		Taxable Assessed Valuation	% of City Taxable Assessed Valuation (a)
Taxpayer	Type of Business		
Allison Inn & Spa LLC	Hotel/Hospitality Services	\$ 27,699,723	1.45%
Adec, Inc.	Dental Equipment	26,137,440	1.37%
K&J Real Estate LLC	Real Estate	19,994,532	1.05%
Fred Meyer Stores Inc.	Retail, Mixed	17,710,787	0.93%
Friendsview Manor	Retirement Community	15,528,819	0.82%
Aspen Way West LLC	Land Development/Hospitality	15,101,755	0.79%
Portland General Electric Co.	Electric Utility	14,839,000	0.78%
Allison Properties LLC	Land Development/Hospitality	12,841,231	0.67%
Springbrook Investment LLC	Land Development/Hospitality	12,173,133	0.64%
HCP SH ELP2 Properties LLC	Real Estate/Investments	10,381,509	0.55%
TOTAL		<u>\$ 172,407,929</u>	<u>9.05%</u>

<b>2009-10</b>		Taxable Assessed Valuation	% of City Taxable Assessed Valuation (b)
Taxpayer	Type of Business		
Joan D. Austin	Land Development	\$ 22,715,992	1.67%
George K. Jr and Joan D. Austin	Land Development	16,565,770	1.21%
Portland General Electric Co.	Electric Utility	14,120,000	1.04%
Verizon	Telecommunications Utility	12,758,500	0.94%
NW Natural Gas	Natural Gas Utility	12,716,400	0.93%
Fred Meyer	Retail, Mixed	11,241,057	0.82%
Adec, Inc.	Dental Equipment	10,333,480	0.76%
Friendsview Manor	Retirement Residence	9,218,069	0.68%
Climax	Portable Machine Tools	8,276,652	0.61%
Chehalem Springs	Retirement Residence	7,956,570	0.58%
TOTAL		<u>\$ 125,902,490</u>	<u>9.23%</u>

(a) City of Newberg's 2018-19 assessed valuation was \$1,904,718,781

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

Information from the Yamhill County Department of Assessment and Taxation

## City of Newberg, Oregon

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

Last Ten Fiscal Years

Fiscal Year Ending June 30,	Direct Rate			Overlapping Rates			
	City of Newberg			County	Park District		
	Operating	Debt	Total	Operating	Operating	Debt	Total
2010	\$ 4.3827	\$ 0.3115	\$ 4.6942	\$ 2.5775	\$ 0.9076	\$ -	\$ 0.9076
2011	4.3827	0.3120	4.6947	2.5775	0.9076	-	0.9076
2012	4.3827	0.2872	4.6699	2.5775	0.9076	-	0.9076
2013	4.3827	0.2778	4.6605	2.5775	0.9076	-	0.9076
2014	4.3827	0.2748	4.6575	2.5775	0.9076	-	0.9076
2015	4.3827	0.2611	4.6438	2.5775	0.9076	-	0.9076
2016	4.3827	0.2505	4.6332	2.5775	0.9076	0.4190	1.3266
2017	4.3827	-	4.3827	2.5775	0.9076	0.4202	1.3278
2018	4.3827	-	4.3827	2.5775	0.9076	0.4132	1.3208
2019	2.5000	-	2.5000	2.5775	0.9076	0.4042	1.3118

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

Source: Yamhill County Assessor

School District			Fire District			Other Districts	Total Direct & Overlapping Rates
Operating	Debt	Total	Operating	Debt	Total	Total	
\$ 4.6616	\$ 3.5787	\$ 8.2403	\$ -	\$ -	\$ -	\$ 1.0095	\$ 17.4291
4.6616	3.6674	8.3290	-	-	-	1.0129	17.5217
4.6616	2.7937	7.4553	-	-	-	0.9751	16.5854
4.6616	2.7784	7.4400	-	-	-	1.0421	16.6277
4.6616	2.7621	7.4237	-	-	-	1.1112	16.6775
4.6616	2.8462	7.5078	-	-	-	1.0992	16.7359
4.6616	3.2568	7.9184	-	-	-	0.9625	17.4182
4.6616	3.2139	7.8755	-	-	-	1.0555	17.2190
4.6616	3.1420	7.8036	-	-	-	0.9820	17.0666
4.6616	1.3880	6.0496	1.9752	0.1087	2.0839	1.0644	15.5872

## 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			
2010	\$ 6,404,370	6,074,648	94.85%	\$ 313,071	\$ 6,387,719	99.74%
2011	6,811,289	6,469,505	94.98%	296,829	6,766,334	99.34%
2012	7,023,545	6,710,741	95.55%	295,947	7,006,688	99.76%
2013	7,128,492	6,797,684	95.36%	303,007	7,100,691	99.61%
2014	7,172,276	6,940,323	96.77%	209,719	7,150,042	99.69%
2015	7,589,743	7,280,650	95.93%	283,288	7,563,938	99.66%
2016	7,864,660	7,585,511	96.45%	216,232	7,801,743	99.20%
2017	7,857,109	7,606,516	96.81%	150,022	7,756,538	98.72%
2018	8,130,756	7,900,339	97.17%	96,260	7,996,599	98.35%
2019	4,770,467	4,641,500	97.30%	-	4,641,500	97.30%

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				Total	Percentage of Assessed Value	Per Capita
			Net General Obligation Bonds (3)	Certificates of Participation	Full Faith & Credit Obligations (4)	Limited Tax Bonds			
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
2014	22,580	1,546,167,978	743,097	1,280,000	-	2,530,000	4,553,097	0.29	201.64
2015	22,765	1,627,595,461	369,779	-	11,616,271	2,460,000	14,446,050	0.89	634.57
2016	22,900	1,696,556,938	-	-	10,229,792	2,380,000	12,609,792	0.74	550.65
2017	23,465	1,780,615,477	-	-	8,823,313	2,285,000	11,108,313	0.62	473.40
2018	23,480	1,855,195,227	-	-	10,574,135	2,175,000	12,749,135	0.69	542.98
2019	23,795	1,904,718,781	-	-	8,920,572	2,045,000	10,965,572	0.58	460.84

(1) Portland State University, Annual Population Statistics

(2) Yamhill County Assessor

(3) Net of Debt Service Fund balance

(4) Includes Business-type Activity portion of the 2015 FFCO Refunding Bonds, which is \$5,791,868. See Ratios of Outstanding Debt by Type chart on following page. City included former Certificates of Participation (Governmental-type Activity) and five Business Oregon loans (Business-type Activity) into one issuance. Governmental-type activity of \$3,128,704 alone on the chart above would result in 0.27% Percentage of Assessed Value and 217.43 Per Capita. Outstanding total includes unamortized note premium.

## 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	Full Faith & Credit Obligations (2)	Limited Tax Pension Bonds	Notes	Capital Leases
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
2014	950,000	1,280,000	-	2,530,000	-	343,333
2015	580,000	-	1,152,111	2,460,000	320,139	302,925
2016	190,000	-	921,919	2,380,000	1,367,101	165,090
2017	-	-	686,727	2,285,000	1,524,272	84,212
2018	-	-	3,638,836	2,175,000	1,420,682	15,988
2019	-	-	3,128,704	2,045,000	1,314,420	123,138

- (1) See the Demographics page for personal income and per capita information  
(2) Total outstanding includes unamortized note premium/discount

Business-type Activities

<u>Full Faith &amp; Credit Obligations (2)</u>	<u>Notes (2)</u>	<u>Capital Leases</u>	<u>Total Government</u>	<u>(1) Percentage of Personal Income</u>	<u>(1) Per Capita</u>
\$ -	\$ 24,170,735	\$ -	\$ 31,197,452	4.11%	\$ 1,348
-	22,882,305	-	29,358,997	3.93%	1,328
-	22,431,841	-	28,593,614	3.64%	1,286
-	26,270,537	8,410	32,027,076	3.99%	1,436
-	29,481,516	6,519	34,591,368	4.05%	1,532
10,464,160	30,560,788	4,494	45,844,617	4.95%	2,014
9,307,873	30,740,380	2,324	45,074,687	4.74%	1,968
8,136,586	29,435,093	-	42,151,890	4.19%	1,796
6,935,299	27,823,602	-	42,009,407	N/A	1,789
5,791,868	26,165,524	-	38,568,654	N/A	1,621

## City of Newberg, Oregon

### LEGAL DEBT MARGIN INFORMATION GENERAL OBLIGATION BONDED DEBT

Last Ten Fiscal Years

	2010	2011	2012	2013	2014
Real Market Value	\$ 2,187,831,882	\$ 2,193,902,961	\$ 1,956,379,200	\$ 1,912,302,698	\$ 1,929,918,978
Debt Limit (3% real market value)	65,634,956	65,817,089	58,691,376	57,369,081	57,897,569
Debt Applicable to Limit:					
General Obligation Bonds	2,245,000	1,945,000	1,630,000	1,300,000	950,000
Less: Amounts reserved for debt service	(150,224)	(181,616)	(192,759)	(199,316)	(206,903)
Total net debt applicable to limit	2,094,776	1,763,384	1,437,241	1,100,684	743,097
Legal debt margin	<u>\$ 63,540,180</u>	<u>\$ 64,053,705</u>	<u>\$ 57,254,135</u>	<u>\$ 56,268,397</u>	<u>\$ 57,154,472</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>3.19%</u>	<u>2.68%</u>	<u>2.45%</u>	<u>1.92%</u>	<u>1.28%</u>

#### 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



2015	2016	2017	2018	2019
\$ 2,103,273,498	\$ 2,199,658,073	\$ 2,380,377,182	\$ 2,885,994,061	\$ 3,124,480,898
63,098,205	65,989,742	71,411,315	86,579,822	93,734,427
580,000	190,000	-	-	-
(210,211)	(216,729)	(38,270)	(47,809)	(3,793)
369,789	(26,729)	(38,270)	(47,809)	(3,793)
<u>\$ 62,728,416</u>	<u>\$ 66,016,471</u>	<u>\$ 71,449,585</u>	<u>\$ 86,627,631</u>	<u>\$ 93,738,220</u>
<u>0.59%</u>	<u>-0.04%</u>	<u>-0.05%</u>	<u>-0.06%</u>	<u>0.00%</u>

## City of Newberg, Oregon

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
<b>Direct</b>			
City of Newberg	\$ 6,611,262	100.00%	\$ 6,611,262
<b>Overlapping</b>			
Chehalem Park & Recreation	25,900,000	58.90%	15,256,136
Portland Community College	602,297,900	1.27%	7,660,627
Tualatin Valley Fire & Rescue	26,055,000	2.89%	752,859
Willamette ESD	8,523,891	5.38%	458,654
Yamhill County	7,608,556	23.72%	1,804,643
School District 29J	29,217,497	55.68%	16,267,133
Total overlapping debt			<u>42,200,052</u>
Total direct and overlapping debt			<u>\$ 48,811,314</u>

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

(1) Based upon assessed value of properties

## City of Newberg, Oregon

### DEMOGRAPHIC AND ECONOMIC STATISTICS

#### Last Ten Fiscal Years

Fiscal Year Ending June 30,	(1) Population	(2) Per Capita Income	(3) Total Personal Income	(4) School Enrollment	(5) Unemployment Rate
2010	23,150	\$ 32,596	\$ 758,579,200	5,175	10.50%
2011	22,110	33,787	747,030,570	5,252	9.20%
2012	22,230	35,344	785,697,120	5,169	8.40%
2013	22,300	35,955	801,796,500	5,155	7.60%
2014	22,580	37,832	854,246,560	5,130	6.40%
2015	22,765	40,686	926,216,790	5,066	5.50%
2016	22,900	41,485	950,006,500	5,104	4.80%
2017	23,465	42,882	1,006,226,130	5,106	3.80%
2018	23,480	NA	NA	5,010	3.70%
2019	23,795	NA	NA	4,876	3.60%

(1) Portland State University Population Research Center; [www.pdx.edu/prc/file/orannualpopreport2017tablesxlsx](http://www.pdx.edu/prc/file/orannualpopreport2017tablesxlsx)

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

- There is no available data on per capita income and total personal income for 2018 or 2019.

- Per capita income from 2010-2016 uses revised numbers using different methodological procedures per information available as of June 30, 2019.

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

<http://www.bea.gov/regional/bearfacts/action.cfm?geoType=4&fips=41071&areatype=41071>

[http://www.bea.gov/newsreleases/regional/lapi/lapi\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/lapi/lapi_newsrelease.htm)

(4) Oregon Department of Education

(5) State of Oregon, Employment Division,

<https://www.qualityinfo.org/ed-uesti/?at=1&t1=4104000071~unemprate~y~2000~2019>

(Yamhill County) for June seasonally adjusted

*Note: The prior years' rates have been restated as sources' statistics are subject to change over time.*

## City of Newberg, Oregon

### PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2019			2010		
	(1) Employees	Rank	Percentage of Total City Employment	(3) Employees	Rank	Percentage of Total City Employment
A-dec	1300	1	13.44%	952	1	9.72%
George Fox University	650	2	6.72%	412	4	4.21%
Newberg Public Schools	580	3	5.99%	566	2	5.78%
Providence Newberg Hospital	500	4	5.17%	545	3	5.56%
Fred Meyer	360	5	3.72%	240	6	2.45%
Allison Inn & Spa	243	6	2.51%	160	8	1.63%
Dental Components LLC	240	7	2.48%			
Friendsview Retirement Community	160	8	1.65%	150	9	1.53%
City of Newberg	158	9	1.63%	196	7	2.00%
PPM Technologies	101	10	1.04%			
Climax Portable Machine Tools				131	10	1.34%
SP Newsprint Co.				265	5	2.71%
Total Employment 2018 (2)	9,675		44.36%	9,796		36.92%

(1) Newberg Area Chamber of Commerce - 2019-20 Chehalem Valley Directory

(2) Oregon Employment Department - Patrick O'connor - Patrick.S.OConnor@Oregon.gov - 503 400-4374

Total Employment: 2018 Oregon Employment Department Statistics, Place Name Data for "Newberg, Oregon"

(3) Newberg Area Chamber of Commerce Business & Community Directory 2010-11, City of Newberg Finance Dept, & Newberg School District

## City of Newberg, Oregon

### FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

<b><u>Function/Program</u></b>	Full-time Equivalent Employees as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	General government	19.30	18.30	16.50	15.80	20.40	21.70	21.98	25.26	24.26
Public safety	70.76	70.76	69.12	69.12	68.52	66.88	66.88	50.75	49.75	49.75 *
Library	13.36	12.14	11.64	11.34	11.34	11.94	11.94	12.44	12.44	12.44
Community development	18.73	16.51	13.55	13.2	11.08	11.6	12.11	14.77	16.53	16.53
Water	18.88	19.44	18.72	13.63	12.96	13.21	13.61	13.90	14.00	14.00
Wastewater	17.61	17.40	17.44	16.13	16.96	18.21	17.86	18.61	20.26	20.26
Stormwater	4.68	5.41	4.54	6.0	5.38	6.04	6.66	6.59	7.09	7.09
Emergency medical services	6.60	6.60	7.24	7.24	7.24	8.88	8.88	0.00	0.00	0.00 *
<b>TOTAL</b>	<b>169.92</b>	<b>166.56</b>	<b>158.75</b>	<b>152.46</b>	<b>153.88</b>	<b>158.46</b>	<b>159.92</b>	<b>142.32</b>	<b>144.33</b>	<b>144.36</b>

Source: City of Newberg Finance Department - Budgets

\* Fire and EMS services provided by Tualatin Valley Fire and Rescue on contract basis as of July 1, 2016.

**City of Newberg, Oregon**

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

<b>Function/Program</b>	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Number of Council resolutions	51	49	51	42	96	38	106	62	74	76
Public safety										
Number of adult arrests	1,458	1,459	1,016	1,017	962	770	846	1,066	1,255	1,116
Number of citations	6,364	7,717	6,831	7,456	7,830	6,621	5,364	10,521*	8,272*	7,398*
Library										
Annual Checkouts	280,202	288,555	291,071	270,974	291,850	281,064	309,147	294,412	310,638	335,622
Reference Questions Answered	15,715	11,033	9,191	9,023	8,154	7,958	8,097	8,381	7,950	8,001
Event Attendance	18,065	18,324	20,285	14,648	17,288	16,998	20,126	20,830	17,371	19,462
Community development										
Building Inspections	7,922	3,925	4,038	4,998	3,867	3,827	3,585	6,354	6,816	7,401
Building Permits - Residential New Single family	58	25	40	36	44	46	62	63	89	91
Water										
Water-# of accounts	6,471	6,529	6,585	6,594	6,712	6,715	6,814	6,841	6,959	7,056
Water-total gallons treated (millions)	951	936	939	969	848	912	903	915	964	861
Wastewater										
Wastewater Total gallons treated (millions)	1,221	1,354	1,190	1,165	1,067	1,091	1,389	1,600	1,260	1,090

Source: Various City of Newberg departments

\* Citations statistics methodology changed in fiscal year 16-17. Total charges now tallied compared to total tickets tallied prior (between 1 and 3 charges per ticket).

## City of Newberg, Oregon

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

<b><u>Function/Program</u></b>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public safety										
Police related vehicles	26	29	29	27	26	26	26	25	26	29
Number of fire stations	2	2	2	2	2	2	2	2	2	1*
Library										
Library building	1	1	1	1	1	1	1	1	1	1
Community development										
Miles of road	70.8	71.9	71.9	71.9	72.0	72.0	72.0	72.0	72.9	72.9
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	80.6	80.9	81.7	81.9	81.8	81.8	81.8	82.29	84.14	85.88
Stormwater										
Miles of storm lines	65.9	65.9	65.9	59.3	59.6	59.6	59.6	61.32	62.72	65.35

Source: Various City of Newberg departments

\* In fiscal year 2019, the City of Newberg transferred the Middlebrook Fire Station to TVF&R per IGA. The City retained the ownership of the downtown station, instituting a right to use agreement with TVF&R.

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***COMPLIANCE SECTION***

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## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

### 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, 2019, and have issued our report thereon dated December 20, 2019.

### Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-100 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment**
- **Programs funded from outside sources**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **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)**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS (Continued)**

**Compliance (continued)**

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

Expenditures in excess of appropriations (which is prohibited by ORS 294.456) were made in the following categories:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General			
Debt service	\$ --	\$ 64,535	\$ (64,535)
Administrative Support Services			
General office	196,711	213,620	(16,909)

**Internal Control OAR 162-10-230**

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.

**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  
December 20, 2019

By:



Bradley G. Bingenheimer, Member