



**A Great Place to Grow**



**City of Newberg, Oregon**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended June 30, 2023**

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# **CITY OF NEWBERG, OREGON**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Year Ended June 30, 2023

Prepared by:

Kady Strobe, Finance Director  
Jenn Elkins, Management Analyst  
Dan Keuler, Senior Accountant

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# CITY OF NEWBERG, OREGON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2023

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## ***INTRODUCTORY SECTION***

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May 31, 2024

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

The Annual Comprehensive Financial Report (ACFR) of the City of Newberg, Oregon (the City) for the fiscal year ended June 30, 2023 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, 2023 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 SingerLewak LLP, 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, 2023. 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 6.27 square miles and an estimated 2023 population of 25,767. The City has the authority to extend its corporate limits by annexation. During the 2022-23 fiscal year the City annexed one property for a total of approximately 2.16 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, Tualatin Valley Fire & Rescue, 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 churches, higher education, K-12 schools, government buildings and the hospital.

Between 2021-22 and 2022-23, the City's assessed value increased 3.9% and the market value also increased 18.3%. The difference between market value and assessed value has widened to \$2,591 million compared to \$1,920 million the prior year.

Table 1  
City of Newberg Assessed and Market Values

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Assessed Value	\$ 2,037,958,279	\$ 2,137,960,474	\$ 2,227,252,437	\$ 2,314,811,346
Percent Change	7.0%	4.9%	4.2%	3.9%
Market Value	\$ 3,555,696,446	\$ 3,790,598,046	\$ 4,147,560,164	\$ 4,905,594,480
Percent Change	13.8%	6.6%	9.4%	18.3%

*Source: Yamhill County Assessor's Office*

During fiscal year 2022-2023, the Building Fund saw a decrease of 43.7% in total value of residential and 41.4% decrease in commercial value from the prior fiscal year. However, the Fund saw only a 17.1% decrease in the number of permits issued and an 2.1% overall increase in fees and permits revenue from FY 2021-2022 to FY 2022-23. The number of new residential units went from 187 in FY 2021-2022 to 129 in FY 2022-2023, a 31.0% decrease from the prior fiscal year. The Fund saw an 10.6% increase in total inspections, with the department completing 10,958 inspections for Newberg and the other cities for which the department provides services. Permit and fee revenues in 20223-2024 are expected to be steady with FY 2022-2023 based on anticipated residential and commercial activities.

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 had been declining at an equal pace with the State of Oregon as well as nationwide, until April of 2020 when the Covid-19 world-wide pandemic forced temporary business shutdowns and high levels of unemployment. The unemployment rates for the past four years were the following:

Unemployment Rates (seasonally adjusted as of June):

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Yamhill County	9.1%	4.9%	3.7%	3.4%
State of Oregon	10.2%	5.4%	3.9%	3.5%
National USA	11.0%	5.9%	3.6%	3.6%

*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 2021-2023 biennium are 22.49% for Tier 1/Tier 2 employees, 15.07% for OPSRP general employees, and 19.43% for OPSRP public safety employees. The Newberg Employees Retirement Plan rates are set annually. The 2022-23 rate was 51.31% and 2023-24 rate will be 55.59%.

## **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, and the Citizens Rate Review Committee.

The implementation of the new ERP Pro 10 (formerly known as Incode 10 ERP) began in Fall of 2022. The implementation, funded by federal grant dollars provided by the American Rescue Plan Act (ARPA), was implemented peace mail, and centralized software capabilities city-wide, providing efficiencies and greater access and abilities to all staff, including taking the time entry process and authorizations of expenditures into an electronic format, rather than paper processing. This fiscal year the City substantially completed implementation of the software.

In fiscal year 2022-23, the solar farm at the wastewater treatment plant completed and went into full service. This project was funded primarily by grants and will serve to save the City tens of thousands of dollars in energy costs, annually.

In August 2021, the City received \$2.7 million, the first half of the \$5.3 million American Rescue Plan Act (ARPA) funds granted to the City of Newberg, to be distributed over a two year period. The distribution and use of the funds were determined with a carefully designed application process which was ultimately decided by way of voting by the Budget Committee. Ultimately the funds were allocated to a variety of City and Community projects and purchases. Among these projects included the purchase of new Finance Software, currently being implemented city-wide. The second half the of the funds were received in 2022-23.

During 2022 and the first half of 2023, the city completed its shift to digital time recording and digital accounts payable services finally putting us squarely in the 21st century. The city is currently adding another module to that time recording system to create digital timesheets. The city also completed many basic shifts to make the team more cohesive, effective and reinforce decency, hard work, and ethics.

For the Future. The city will, in the next fiscal year, complete an update to the emergency response management plan as well as implement new grant and contract policy / workflow procedures. A new, updated employee handbook will wrap up and go into effect.

In 2022-23 the City continued work towards creating an urban renewal district, which included preparing an urban renewal plan and accompanying report. The urban renewal area is 540 acres. In preparing the Newberg Urban Renewal Plan and accompanying Report guidance was provided by a citizens committee to address blighted areas within the downtown and riverfront areas within the Plan. The URA has been officially approved by the Council. The URA will expect to begin seeing revenues in FY 2023-24.

The City spent the entire 2022-23 fiscal year working on redesigning and paving of Elliot Road. The project will be completed in the first half of the 2023-24 fiscal year, and is the largest road project the city has undertaken in decades. This road, the main road feeding from highway 99 directly to Newberg High School, will see greatly increased safety for bikers and pedestrians.

### **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 annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the annual comprehensive 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,



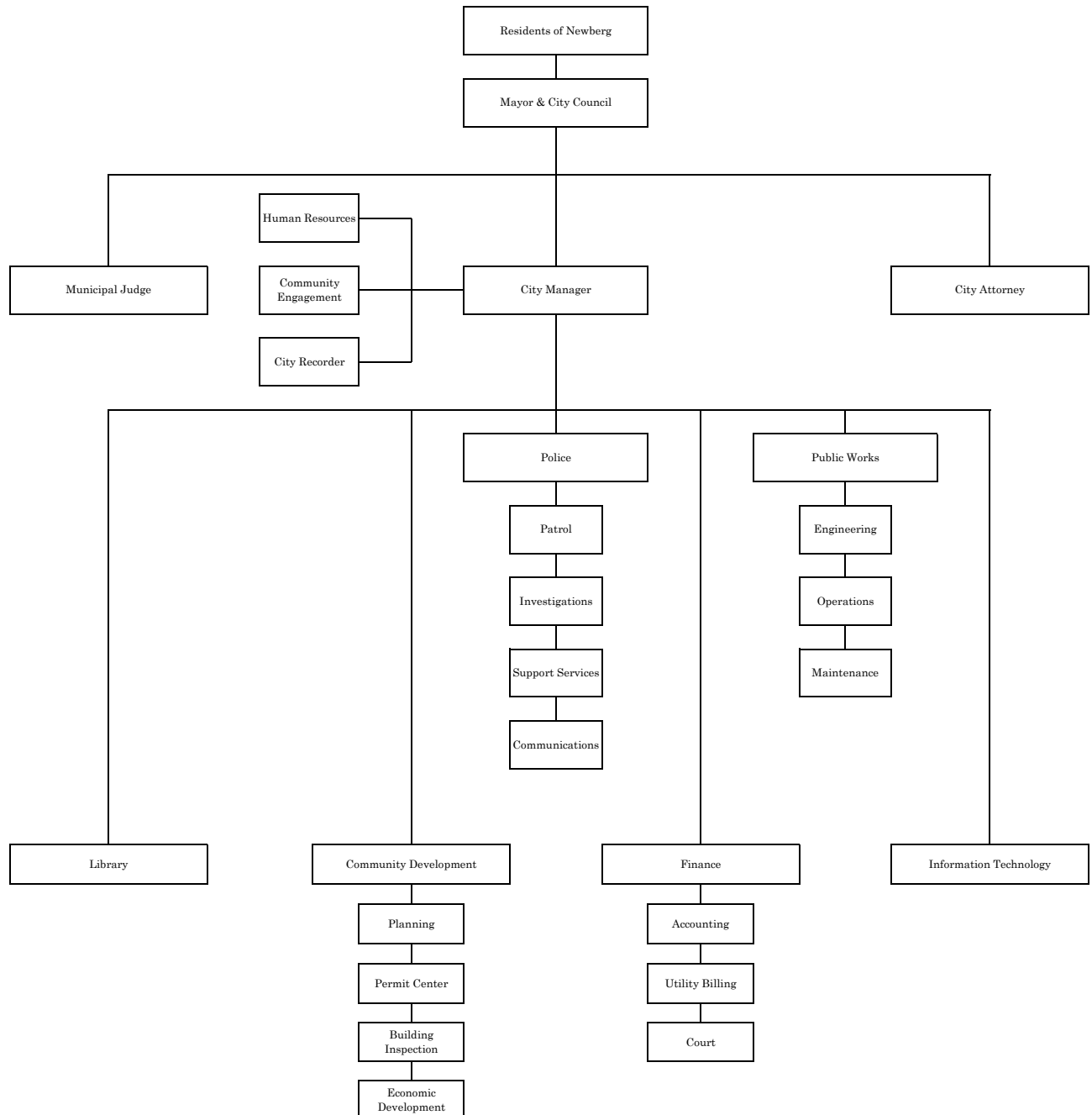
Kady Strode  
Finance Director



Will Worthey  
City Manager

# City of Newberg, Oregon

## Organizational Chart



**CITY OF NEWBERG**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**  
**June 30, 2023**

**CITY MANAGER**  
Will Worthey

**MUNICIPAL JUDGE**  
Larry Blake Jr.

**MAYOR**

Bill Rosacker  
PO Box 970  
Newberg, OR 97132

**TERM EXPIRATION**

December 31, 2026

**COUNCIL MEMBERS**

Peggy Kilburg  
PO Box 970  
Newberg, OR 97132

December 31, 2026

Molly Olson  
PO Box 970  
Newberg, OR 97132

December 31, 2024

Elise Yarnell Hollamon  
PO Box 970  
Newberg, OR 97132

December 31, 2024

Robyn Wheatley  
PO Box 970  
Newberg, OR 97132

December 31, 2026

Mike McBride  
PO Box 970  
Newberg, OR 97132

December 31, 2024

Derek Carman  
PO Box 970  
Newberg, OR 97132

December 31, 2026



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of Newberg  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



## ***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Newberg  
Newberg, Oregon

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberg, Oregon (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newberg, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street, Building Inspection, Street Capital Projects, and ARPA funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

##### *Adoption of New Accounting Standard*

As discussed in the notes to the financial statements, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. Our opinions are not modified with respect to this matter.

*Prior period adjustment*

As discussed in the notes to the financial statements, the beginning net position of the governmental activities and business type activities and the beginning fund balances of the Street Capital Projects and Wastewater funds have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages a – o and Pension and OPEB Information on pages 77 – 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayor and City Council  
City of Newberg  
Independent Auditor's Report  
May 31, 2024

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**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 May 31, 2024, on our considerations of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not provide an opinion on compliance.

*Singer Lewak LLP*

May 31, 2024

By:

A handwritten signature in blue ink, appearing to read 'BB', is written over a horizontal line.

Brad Bingenheimer, Partner

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2023*

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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, 2023. 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 \$192.3 million. Of this amount, \$16.4 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 \$10.6 million, or 5.8%. A significant cause of this increase relates to Wastewater SDC revenues not expended of \$2.2 million. Additionally, the City recorded \$0.8 million of developer contributed infrastructure. The City also saw a net decrease in pension related liabilities of \$0.5 million.
- Revenue from property taxes levied for general purposes increased \$0.5 million or 7.8% during the fiscal year due to 1) an increase in the tax assessed value of properties of approximately 3%, 2) an increase in the City's levy rate of 3%, and 3) increases resulting from new developments added to the tax roll.
- Depreciation/amortization expense for 2022-23 was \$7,298,718.
- Total cost of all programs was \$41.7 million, an increase of \$5.2 million from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.

**Basic Financial Statements.** These statements include the government-wide statements, fund financial statements, and the notes to the financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Within this view, all City operations are categorized and reported as either governmental or business-type activities and are presented using the full accrual basis of accounting. Governmental activities include basic services such as



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public safety, library, community development and general government administration. Business-type activities are water, wastewater, and stormwater 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 14 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 five major funds: General Fund, Street Fund, Street Capital Projects Fund, ARPA Fund, and Building Inspection Fund. Data from the other 9 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, and stormwater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for facilities and fleet services, information systems, finance, legal, administration, human resources, vehicle/equipment replacement, and risk management activities. The assets and liabilities of the internal service funds have been allocated among the governmental and business-type activities.

The enterprise funds, all of which are considered to be major funds (on a consolidated basis) of the City, are reported separately on the proprietary fund financial statements in

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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 \$192.3 million at the close of the most recent fiscal year. This represents a \$10.5 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 Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	2023	2022	2023	2022	2023	2022
Cash and investments	\$ 24.1	\$ 22.4	\$ 46.0	\$ 43.7	\$ 70.1	\$ 66.1
Other assets	1.9	1.7	2.6	2.7	4.5	4.4
Capital assets	83.0	79.7	91.0	89.3	174.0	169.0
Total assets	109.0	103.8	139.6	135.7	248.6	239.5
Deferred Outflows of resources						
Pension related items	5.9	5.7	3.0	2.2	8.9	7.9
Postemployment benefit related items	0.3	0.3	0.1	0.1	0.4	0.4
Deferred refunding charge	-	-	0.1	0.1	0.1	0.1
Total deferred outflows of resources	6.2	6.0	3.2	2.4	9.4	8.4
Long-term obligations	22.7	18.6	31.9	31.6	54.6	50.2
Other liabilities	5.5	4.1	1.5	1.1	7.0	5.2
Total liabilities	28.2	22.7	33.4	32.7	61.6	55.4
Deferred inflows of resources						
Pension related items	2.9	7.3	0.6	2.4	3.5	9.7
Postemployment benefit related items	0.4	0.3	0.2	0.1	0.6	0.4
Total deferred inflows of resources	3.3	7.6	0.8	2.5	4.1	10.1
Net position:						
Net investment in capital assets	80.8	77.5	69.2	64.9	150.0	142.4
Restricted	12.5	13.9	13.5	11.2	26.0	25.1
Unrestricted	(9.6)	(11.8)	26.0	26.8	16.4	15.0
Total net position	\$ 83.7	\$ 79.6	\$ 108.7	\$ 102.9	\$ 192.3	\$ 182.5

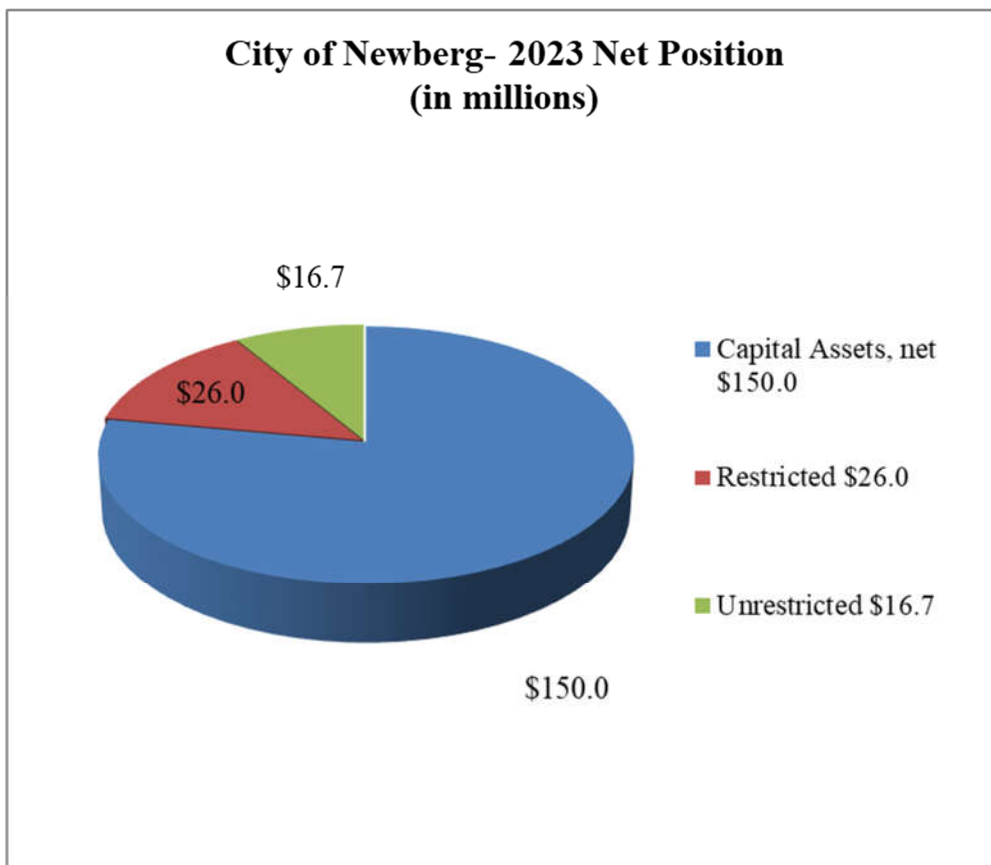
By far, the largest portion of the City of Newberg's net position (\$150.0 million, or 78.0%) is investment in capital assets (land, building, equipment, infrastructure, net of depreciation and any related outstanding debt used to acquire those capital assets). The City uses these capital assets to provide 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 \$26.0 million or 13.5% and represent cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position totaling \$16.4 million, or 8.5%, 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, 2023 and 2022**  
(in millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues						
Charges for services	\$ 8.2	\$ 7.6	\$ 19.8	\$ 18.7	28.0	26.3
Operating grants and contributions	4.4	3.8	0.2	-	4.6	3.8
Capital grants and contributions	2.4	3.5	4.0	6.8	6.4	10.3
Taxes	11.1	10.1	-	-	11.1	10.1
Interest	0.4	0.1	0.7	0.1	1.1	0.2
Miscellaneous	0.6	-	-	-	0.6	-
Gain on sale of assets	-	-	-	-	-	-
Total revenues	<u>27.1</u>	<u>25.1</u>	<u>24.7</u>	<u>25.6</u>	<u>51.8</u>	<u>50.7</u>
Expenses						
General government	1.5	1.4	-	-	1.5	1.4
Public safety	10.8	9.9	-	-	10.8	9.9
Library	2.2	1.8	-	-	2.2	1.8
Community development	8.3	7.3	-	-	8.3	7.3
Interest on long-term debt	0.2	0.1	-	-	0.2	0.1
Water	-	-	6.8	6.2	6.8	6.2
Wastewater	-	-	9.8	8.1	9.8	8.1
Stormwater	-	-	2.0	1.7	2.0	1.7
Total expenses	<u>23.0</u>	<u>20.5</u>	<u>18.6</u>	<u>16.0</u>	<u>41.6</u>	<u>36.5</u>
Increase (decrease) in net assets before transfers and special items	4.1	4.6	6.1	9.6	10.2	14.2
Transfers	-	-	-	-	-	-
Changes in net position	4.1	4.6	6.1	9.6	10.2	14.2
Beginning net position	79.6	75.0	102.9	93.3	182.5	168.3
Ending net position	<u>\$ 83.7</u>	<u>\$ 79.6</u>	<u>\$ 109.0</u>	<u>\$ 102.9</u>	<u>\$ 192.7</u>	<u>\$ 182.5</u>

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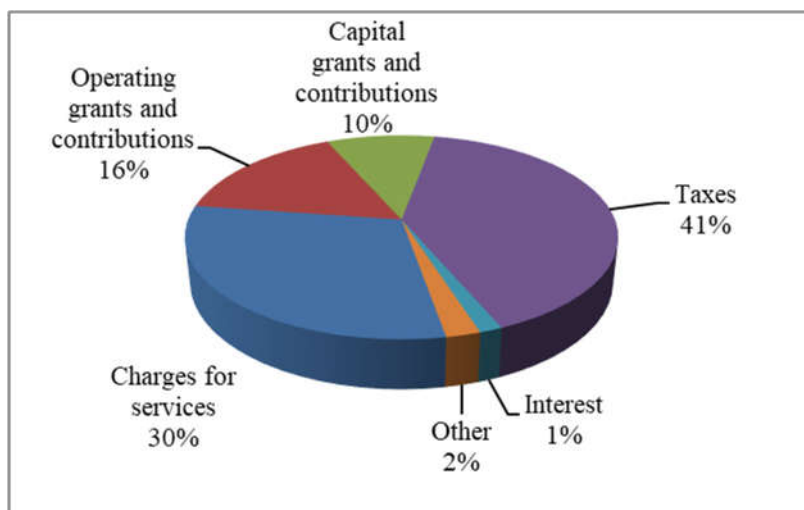
***Governmental Activities***

During the current fiscal year, the net position for governmental activities increased \$4.3 million from the prior fiscal year for an ending balance of \$83.7 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 increased over the prior year by \$0.6 million largely in part due to an additional \$0.2 million increase from construction excise taxes and a \$0.2 million increase from public safety fees and internal franchise fee revenues.
- 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. This category increased over the prior year by \$0.6 million which reflects an increase of \$0.4 million of the ARPA grant recognized in the current year compared to last year as well as \$0.2 million of opioid settlement revenue.
  - 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 recognized a decrease of \$0.9 million over the prior year. The City had an received an additional \$0.3 million of federal exchange and grant money, but saw a decrease of \$1.3 million in capital contribution revenue from developer contributed infrastructure.
- Taxes – These are revenues that consist primarily of property taxes, transient lodging taxes, and franchise fees based on gross revenues. Overall property taxes increased \$0.5 million or 7.8% over the prior year due to 1) an increase in the tax assessed value of properties of approximately 3%, 2) an increase in the City's levy rate of 3%, and 3) increases resulting from new developments added to the tax roll.
- Interest – This is revenue derived from the City's investment of cash and reserves. Following sharp decreases in investment rates of return during the COVID-19 pandemic, the overall investment rates rebounded significantly, leaving an overall increase of \$0.3 million on the year.
- Other - This is miscellaneous revenue not related to services provided. The major increase resulted from a change in accounting estimate related to workers' compensation plan changes. See footnote disclosure for more detail.

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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, 2023**  
**(in millions)**

<b>Programs</b>	<b>FY 2022-23</b>		<b>Compared to FY 2021-22</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent</b>
General government	\$ 1.5	6.5%	\$ 0.1	7.1%
Public safety	10.8	47.0%	0.9	9.1%
Library	2.2	9.6%	0.4	22.2%
Community development	8.3	36.1%	1.0	13.7%
Interest on long-term debt	0.2	0.9%	0.1	100.0%
<b>Total expenses</b>	<b>\$ 23.0</b>	<b>100.0%</b>	<b>\$ 2.5</b>	

- General government expenses increased \$0.1 million due to a new expense related to opioid settlement revenue that was passed through to the school district.
- Public safety consists of police, court, and 911 operations, and the overall expenses increased by \$0.9 million due primarily to expenses related to patrol salaries from decrease in vacancies and a shift in admin service charges.
- Library expenses increased by \$0.4 million primarily due to increases in personnel services expense from filling vacancies and adding positions.
- Community Development expenses increased by \$1.0 million in large part due to ARPA funded project spending which increased by \$0.5 million compared to the prior year.



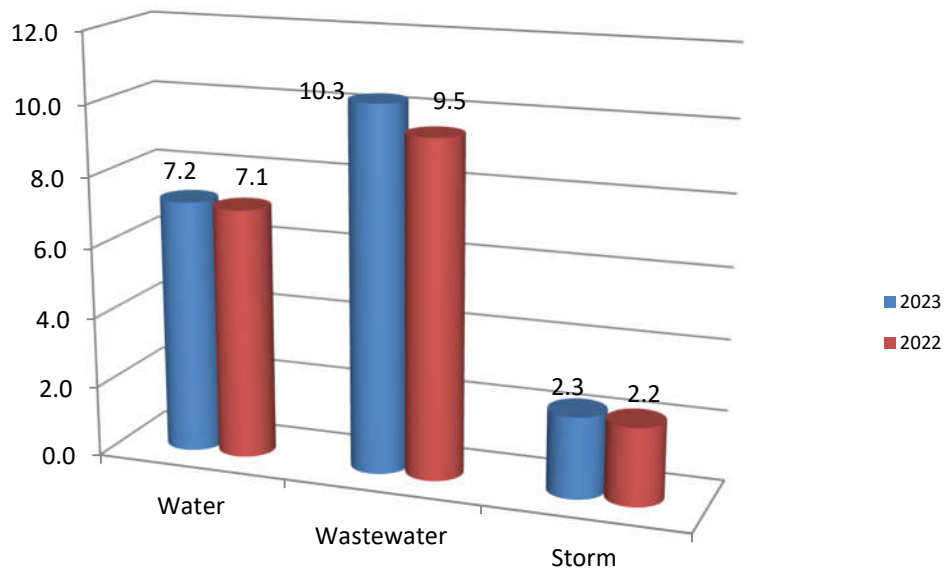
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***Business-type Activities***

During the current fiscal year, the net position for business-type activities increased by \$6.3 million from the prior fiscal year for an ending balance of \$108.7 million. Business-type charges for services experienced revenue growth related to annual utility rate increases and activity. Capital grants and contributions experienced an increase over the prior year due to system development charge increases due to increases in development activity especially relating to a few very large development projects such as Crestview Crossing. The City also saw increases in operating grants and contributions including new revenues related to opioids settlements, community development block grants, and planning and ARPA grants.

**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, 2023**  
**(in millions)**

<b>Programs</b>	<b>FY 2022-23</b>		<b>Compared to FY 2021-22</b>	
	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/(Decrease)</b>	
			<b>Amount</b>	<b>Percent</b>
Water	6.8	36.6%	0.6	9.7%
Wastewater	9.8	52.7%	1.7	21.0%
Stormwater	2.0	10.8%	0.3	17.6%
Total expenses	<u>\$ 18.6</u>	<u>100.0%</u>	<u>\$ 2.6</u>	

- Water expenses increased by \$0.6 million due in part to increases in admin support service charges by fund 31 as well as some minor increases to personnel and capital outlay.
- Wastewater expenses increased \$1.7 million primarily due to pension related changes amounting to \$0.7 million as well as an increase in capital project spending of \$0.2 million.
- Stormwater program expenses increased \$0.3 million primarily due to a \$0.1 million increase in personnel services, capital outlay, and admin support services costs.

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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 \$19.5 million, a decrease of \$0.3 million in comparison with the prior year. Approximately 27.6% of this amount (\$5.4 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, or committed to indicate that it is 1) not in spendable form (\$0.1 million), 2) restricted for particular purposes (\$12.4 million) or 3) committed for particular purposes (\$1.6 million).

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by \$0.4 million (7.5%) during the current fiscal year. This change in fund balance followed a similar increase experienced in the prior year. Significant changes from the prior year are as follows:

- Property taxes revenues increased \$0.5 million, or 9.2%. This increase relates to the increase in tax assessed values and the increase in the property tax rate levied by 3%.
- Franchise fees and other taxes revenue increased by \$0.2 million (5.6%) due to increases in franchise fee generating utility rates including electric, garbage, and water.
- Intergovernmental revenue increased by \$0.3 million, or 29.6%, due in large part to the \$0.2 million coming in from the new opioids settlement, which will be recurring revenues expected to come in future periods. Additionally, we saw \$0.1 million increase in planning grant revenues.
- Transfers In decreased by \$0.3 million, or 22.4% due to a prior year transfer in from the closure of fund 32, the Vehicle/equipment Replacement Fund.

The Street Fund ending fund balance decreased \$1.9 million (62.2%) due largely to \$1.4 million of additional spending in transfers out for capital projects. The complete redesign and overhaul of Elliot Road which in total expended \$3.9 million, \$1.6 million of which was funded through Street Fund transfers.

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The Building Inspection Fund ending fund balance increased \$0.5 million due to an amount of revenues over expenditures resulting from an abundance of development activity including continuing work in developing Cressview Crossings.

The Street Capital Projects Fund ending fund balance increased this year by \$0.8 million due to a \$0.7 million federal exchange moneys released to the City in the current year.

The ARPA Fund was created in the previous fiscal year, which was the inaugural year for receiving the federal funds. The remaining assets of \$2.2 million represents unspent ARPA funds as many of the programs awarded took time to begin spending and requesting funds. This balance is reflected as unearned revenue in for current year, resulting in no ending fund balance.

Other governmental fund balances remained relatively consistent with the prior year.

***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 \$1.7 million (4.2%) over the prior fiscal year. Operating costs increased by \$0.6 million over the prior year, related primarily to increases in personnel costs. Charges for services increased by \$0.2 million due to increases in rates from the prior year. Fiscal year 2022-23 also experienced a decrease in capital contributions revenue of \$1.7 million as well as the prior year had additional transfers in of \$0.5 million from the closure of the Vehicle/equipment Replacement Fund which was a one-time revenue transfer.

The net position of the wastewater utility increased by \$3.9 million (7.8%) during fiscal year 2022-23. Charges for services increased by \$0.8 million over the prior year. Operating costs increased by \$1.7 million, largely resulting from increases in personnel costs and shifts in pension liabilities. Also of note is a recorded \$0.5 million dollar prior period adjustment related to prior year revenue that should have been deferred.

The net position of the stormwater utility increased by \$0.7 million during fiscal year 2022-23. The fund saw \$0.4 million decreases in capital contributions as well as a decrease in transfers since the prior year recorded transfers from the closure of the Vehicle/equipment Replacement Fund which was a one-time revenue transfer.

**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, 2023. The City executed two supplemental budgets affecting multiple funds to cover minor adjustments for various unanticipated revenues and expenditures within different funds.

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General Fund final budget compared to actual results

General fund actual revenues exceeded budget by 5.4%. General fund expenditures were, in aggregate and excluding transfers, 74.7% of budget, with the largest variances in the police, communications and planning categories due to various salaries and operating expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2023, the City had invested \$174.1 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$5.1 million.

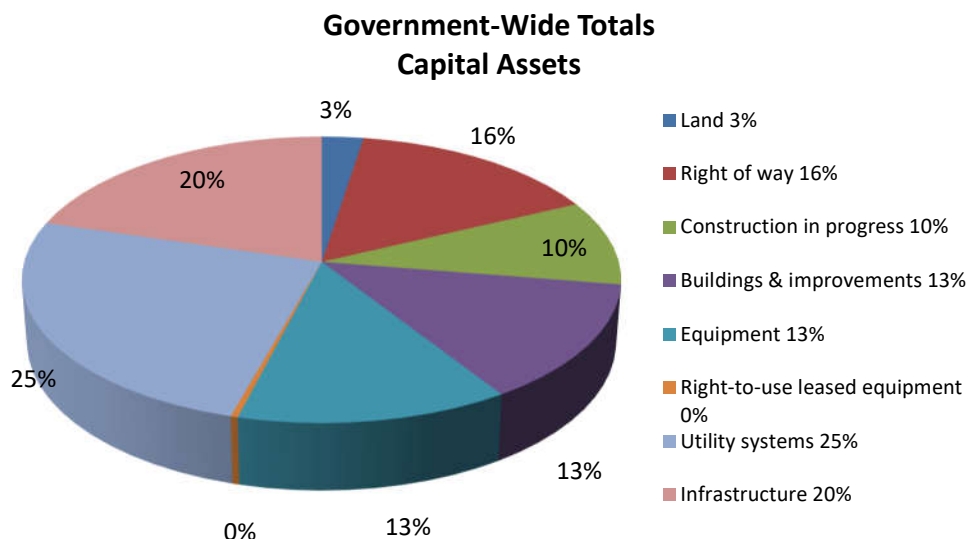
**TABLE 5**  
**CAPITAL ASSETS AT YEAR END**  
**(NET OF DEPRECIATION)**  
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 1.2	\$ 1.2	\$ 3.2	\$ 3.2	\$ 4.4	\$ 4.4
Right of way	26.8	26.8	-	-	26.8	26.8
Construction in progress	11.7	8.0	5.0	3.4	16.7	11.4
Buildings & improvements	5.7	5.8	17.6	18.9	23.3	24.7
Equipment	1.6	1.6	21.2	21.7	22.8	23.3
Right-to-use leased equipment	0.6	0.2	-	-	0.6	0.2
Utility systems	-	-	44.0	42.1	44.0	42.1
Infrastructure	35.5	36.1	-	-	35.5	36.1
Total	<u>\$ 83.1</u>	<u>\$ 79.7</u>	<u>\$ 91.0</u>	<u>\$ 89.3</u>	<u>\$ 174.1</u>	<u>\$ 169.0</u>

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

- The City received developer-contributed infrastructure related to three developments, which completed in 2022-23. These developers contributed a total of \$0.8 million of infrastructure in the current year.
- Depreciation/amortization expense for 2022-23 was \$7,298,718.
- The City completed \$5.2 million of infrastructure related to the Elliot Rd project. The project is expected to be completed early into the 2023-24 fiscal year.
- Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements on page 40 of this report.

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**Debt.** As of June 30, 2023, the City had a total long-term debt obligation of \$27.0 million. Of this amount, \$3.2 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$1.3 million to be serviced by internal charges to departments and \$1.9 million serviced by user fees and SDCs. The City is also paying down a private placement bank loan with a remaining balance of \$1.7 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.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
FF&C Bonds-2015 Refunding	\$ -	\$ -	\$ 1.9	\$ 2.9	\$ 1.9	\$ 2.9
FF&C public safety financing	1.7	2.0	-	-	1.7	2.0
Limited tax bonds	1.3	1.5	-	-	1.3	1.5
Notes payable	1.5	1.6	20.0	21.6	21.5	23.2
Lease payable	0.6	0.2	-	-	0.6	0.2
Total	<u>\$ 5.1</u>	<u>\$ 5.3</u>	<u>\$ 21.9</u>	<u>\$ 24.5</u>	<u>\$ 27.0</u>	<u>\$ 29.8</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.

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**ECONOMIC FACTORS**

The following economic factors currently affect the City of Newberg:

- The unemployment rate for Yamhill County is currently 3.4%, which continues a downward trend from the 2020 spike resulting from shutdowns related to the COVID-19 pandemic. This rate, prior to the COVID-19 shutdowns, had decreased over the decade years after spiking at a high around 13.2% in 2009.
- The City's taxable assessed value (TAV) for 2023-24 increased by \$139.7 million (6.0%) over the 2022-23 certified tax roll. This growth rate was up from the TAV increase of 3.9% in 2022-23 tax year.
- The City's private retirement plan contribution rate increased for 2022-23 from 46.19% to 51.31%. Additionally, this rate increased to 55.59% for the 2023-24 fiscal year. The rate for 2024-25 will be 57.59%.
- The COVID-19 pandemic had a significant negative impact on the City's Transient Lodging Tax Fund revenues, resulting in a significant reduction of TLT revenues beginning March 2020. The City has experienced a full recovery by the 2021-22 fiscal year and TLT revenues increased further to new heights in 2022-23.
- Employer contribution rates for Oregon PERS continue to increase. The rates for Oregon PERS increased by an additional 0.5-2.97% of subject payroll for the 2021-23 biennium. The rates for the 2023-25 biennium reflect an additional 0.38-1.19% of subject payroll.

**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)

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## **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, 2023

	Governmental Activities	Business-Type Activities	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,490,449	\$ 31,351,803	\$ 50,842,252
Investments	4,611,398	14,602,762	19,214,160
Receivables	1,619,128	2,335,840	3,954,968
Internal balances	38,888	(38,888)	-
Inventories	130,501	270,181	400,682
Other assets	2,690	-	2,690
Other postemployment benefits asset	105,689	42,238	147,927
Capital assets:			
Land and construction in progress	39,760,512	8,179,997	47,940,509
Other capital assets, net of depreciation	43,296,019	82,823,765	126,119,784
<b>Total assets</b>	<b>109,055,274</b>	<b>139,567,698</b>	<b>248,622,972</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	5,872,293	2,953,147	8,825,440
Other postemployment benefits related items	346,065	141,166	487,231
Deferred refunding charge	13,546	103,998	117,544
<b>Total deferred outflows of resources</b>	<b>6,231,904</b>	<b>3,198,311</b>	<b>9,430,215</b>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	3,115,659	983,330	4,098,989
Deposits	155,349	13,870	169,219
Interest payable	41,606	165,030	206,636
Unearned revenue	2,197,788	317,631	2,515,419
Long-term obligations:			
Due within one year	2,028,790	2,762,114	4,790,904
Due in more than one year	20,719,047	29,134,490	49,853,537
<b>Total liabilities</b>	<b>28,258,239</b>	<b>33,376,465</b>	<b>61,634,704</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	2,912,176	555,495	3,467,671
Other postemployment benefits related items	438,013	179,311	617,324
<b>Total deferred inflows of resources</b>	<b>3,350,189</b>	<b>734,806</b>	<b>4,084,995</b>
<u>NET POSITION</u>			
Net investment in capital assets	80,771,796	69,221,632	149,993,428
Restricted for:			
Capital projects	5,921,109	13,469,718	19,390,827
Debt service	16,448	-	16,448
Public safety	410,468	-	410,468
Street maintenance	1,062,199	-	1,062,199
Building Inspection	3,473,900	-	3,473,900
Other purposes	1,605,304	-	1,605,304
Unrestricted	(9,582,474)	25,963,388	16,380,914
<b>Total net position</b>	<b>\$ 83,678,750</b>	<b>\$ 108,654,738</b>	<b>\$ 192,333,488</b>

See accompanying notes

# City of Newberg, Oregon

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental activities:</u>				
General government	\$ 1,471,406	\$ 1,689,762	\$ 286,896	\$ -
Public safety	10,779,911	1,813,634	70,930	-
Library	2,208,305	125,239	95,257	-
Community development	8,349,324	4,540,085	3,957,707	2,603,792
Interest on long-term obligations	205,821	-	-	-
<u>Total governmental activities</u>	<u>23,014,767</u>	<u>8,168,720</u>	<u>4,410,790</u>	<u>2,603,792</u>
<u>Business-type activities:</u>				
Water	6,762,798	7,232,097	-	1,023,458
Wastewater	9,832,343	10,258,265	150,000	2,825,160
Stormwater	2,053,317	2,346,182	-	352,216
<u>Total business-type activities</u>	<u>18,648,458</u>	<u>19,836,544</u>	<u>150,000</u>	<u>4,200,834</u>
Totals	<u>\$ 41,663,225</u>	<u>\$ 28,005,264</u>	<u>\$ 4,560,790</u>	<u>\$ 6,804,626</u>

### General revenues:

#### Taxes:

Property taxes

Franchise and public service taxes

Interest and investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

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
\$ 505,252	\$ -	\$ 505,252
(8,895,347)	-	(8,895,347)
(1,987,809)	-	(1,987,809)
2,752,260	-	2,752,260
(205,821)	-	(205,821)
<u>(7,831,465)</u>	<u>-</u>	<u>(7,831,465)</u>
-	1,492,757	1,492,757
-	3,401,082	3,401,082
-	645,081	645,081
-	5,538,920	5,538,920
<u>(7,831,465)</u>	<u>5,538,920</u>	<u>(2,292,545)</u>
6,355,896	-	6,355,896
4,746,608	-	4,746,608
373,338	674,336	1,047,674
593,111	-	593,111
59,711	30,897	90,608
<u>12,128,664</u>	<u>705,233</u>	<u>12,833,897</u>
4,297,199	6,244,153	10,541,352
79,574,474	102,928,916	182,503,390
(192,923)	(518,331)	(711,254)
<u>\$ 83,678,750</u>	<u>\$ 108,654,738</u>	<u>\$ 192,333,488</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.
- **ARPA** - accounts for federal grant funds awarded through the ARPA program.
- **Nonmajor Funds** - includes six special revenue funds, one debt service fund, 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, 2023

	General	Street	Building Inspection	Street Capital Projects	ARPA	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 671,196	\$ 939,577	\$ 3,519,124	\$ 2,315,086	\$ 2,197,788	\$ 8,370,935	\$ 18,013,706
Investments	4,611,398	-	-	-	-	-	4,611,398
Receivables:							
Accounts	257,438	313,968	-	-	-	635,165	1,206,571
Loans	-	2,658	-	-	-	96,595	99,253
Assessments	-	-	-	-	-	29,682	29,682
Taxes	282,068	-	-	-	-	1,554	283,622
Due from other funds	252,025	-	-	-	-	-	252,025
Inventories	-	104,802	-	-	-	-	104,802
Prepaid expense	2,690	-	-	-	-	-	2,690
<b>Total assets</b>	<b>\$ 6,076,815</b>	<b>\$ 1,361,005</b>	<b>\$ 3,519,124</b>	<b>\$ 2,315,086</b>	<b>\$ 2,197,788</b>	<b>\$ 9,133,931</b>	<b>\$ 24,603,749</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 342,616	\$ 62,429	\$ 45,208	\$ 1,360,191	\$ -	\$ 220,292	\$ 2,030,736
Other accrued liabilities	34,435	5,801	16	-	-	-	40,252
Due to other funds	-	-	-	-	-	252,025	252,025
Deposits	32,233	123,116	-	-	-	-	155,349
Unearned revenue	-	-	-	-	2,197,788	-	2,197,788
<b>Total liabilities</b>	<b>409,284</b>	<b>191,346</b>	<b>45,224</b>	<b>1,360,191</b>	<b>2,197,788</b>	<b>472,317</b>	<b>4,676,150</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue-property taxes	282,068	-	-	-	-	1,554	283,622
Unavailable revenue-loans	-	2,658	-	-	-	12,500	15,158
Unavailable revenue-sdc notes	-	-	-	-	-	84,095	84,095
Unavailable revenue-special assessments	-	-	-	-	-	29,682	29,682
<b>Total deferred inflows of resources</b>	<b>282,068</b>	<b>2,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,831</b>	<b>412,557</b>
<b>FUND BALANCES</b>							
Nonspendable	2,690	104,802	-	-	-	-	107,492
Restricted	-	1,062,199	3,473,900	-	-	7,837,998	12,374,097
Committed	-	-	-	954,895	-	695,785	1,650,680
Unassigned	5,382,773	-	-	-	-	-	5,382,773
<b>Total fund balances</b>	<b>5,385,463</b>	<b>1,167,001</b>	<b>3,473,900</b>	<b>954,895</b>	<b>-</b>	<b>8,533,783</b>	<b>19,515,042</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,076,815</b>	<b>\$ 1,361,005</b>	<b>\$ 3,519,124</b>	<b>\$ 2,315,086</b>	<b>\$ 2,197,788</b>	<b>\$ 9,133,931</b>	<b>\$ 24,603,749</b>

*See accompanying notes*

# City of Newberg, Oregon

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

June 30, 2023

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

Total fund balances - governmental funds	\$	19,515,042
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.		412,557
Net other postemployment benefit assets are not financial resources and, therefore, are not reported in funds.		80,701
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		82,105,620
Governmental activities report as deferred outflows of resources payments to refunding bond escrow agent		13,546
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		4,272,781
Governmental activities report as deferred outflows of resources an actuarially calculated implicit employer subsidy for postemployment benefits for the year		266,673
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-term debt	\$	(4,510,498)
Compensated absences		(959,355)
Net pension liability		(10,558,436)
Leases payable		(580,242)
Other postemployment benefits		(794,705)
Accrued interest		(41,606)
		(17,444,842)
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		(2,559,517)
Governmental activities report as deferred inflows the effect of changes of assumptions and inputs for actuarially calculated other postemployment benefit costs		(337,481)
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		(2,646,330)
Net position of governmental activities	\$	83,678,750

See accompanying notes

# City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	General	Street	Building Inspection	Street Capital Projects	ARPA	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 6,338,502	\$ -	\$ -	\$ -	\$ -	\$ 256	\$ 6,338,758
Franchise fees and other taxes	3,936,593	-	-	-	-	2,170,346	6,106,939
Licenses and permits	900,774	52,430	1,142,292	-	-	32,597	2,128,093
Intergovernmental	1,276,474	2,079,637	-	1,027,826	1,766,971	730,489	6,881,397
Charges for services	163,571	1,250,945	184,517	-	-	2,240,347	3,839,380
Fines and forfeitures	486,667	-	-	-	-	5,958	492,625
Pension bond charge	-	-	-	-	-	319,770	319,770
Assessments	-	-	-	-	-	953	953
Donations	-	-	-	-	-	73,175	73,175
Interest	66,865	41,043	57,957	14,725	-	161,663	342,253
Miscellaneous	6,288	3,248	15	-	-	14,316	23,867
<b>Total revenues</b>	<b>13,175,734</b>	<b>3,427,303</b>	<b>1,384,781</b>	<b>1,042,551</b>	<b>1,766,971</b>	<b>5,749,870</b>	<b>26,547,210</b>
<b>Expenditures</b>							
<b>Current:</b>							
General government	449,397	-	-	-	424,013	491,806	1,365,216
Public safety	10,214,480	-	-	-	58,780	1,143,085	11,416,345
Library	2,028,588	-	-	-	-	87,069	2,115,657
Community development	1,107,064	1,946,990	915,731	-	1,284,178	155,274	5,409,237
<b>Debt service:</b>							
Principal	189,244	-	-	-	-	633,712	822,956
Interest	-	-	-	-	-	190,165	190,165
Capital outlay	-	-	-	6,015,276	-	-	6,015,276
<b>Total expenditures</b>	<b>13,988,773</b>	<b>1,946,990</b>	<b>915,731</b>	<b>6,015,276</b>	<b>1,766,971</b>	<b>2,701,111</b>	<b>27,334,852</b>
Excess (deficiency) of revenues over expenditures	(813,039)	1,480,313	469,050	(4,972,725)	-	3,048,759	(787,642)
<b>Other financing sources (uses)</b>							
Sale of capital assets	54,282	4,415	-	-	-	-	58,697
Lease financing	595,577	-	-	-	-	-	595,577
Transfers in	909,746	-	-	5,822,094	-	372,575	7,104,415
Transfers out	(372,575)	(3,403,570)	-	-	-	(3,328,270)	(7,104,415)
<b>Total other financing sources (uses)</b>	<b>1,187,030</b>	<b>(3,399,155)</b>	<b>-</b>	<b>5,822,094</b>	<b>-</b>	<b>(2,955,695)</b>	<b>654,274</b>
Net change in fund balances	373,991	(1,918,842)	469,050	849,369	-	93,064	(133,368)
Fund balances, July 1, 2022	5,011,472	3,085,843	3,004,850	298,449	-	8,440,719	19,841,333
Prior period adjustment	-	-	-	(192,923)	-	-	(192,923)
<b>Fund balances, June 30, 2023</b>	<b>\$ 5,385,463</b>	<b>\$ 1,167,001</b>	<b>\$ 3,473,900</b>	<b>\$ 954,895</b>	<b>\$ -</b>	<b>\$ 8,533,783</b>	<b>\$ 19,515,042</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, 2023

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

Net change in fund balances - total governmental funds	\$ (133,368)
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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	17,138
Notes and assessments	60,389

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, 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.

Lease financing	(595,577)
Debt principal paid	633,712
Lease financing principal paid	189,244

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	(99,869)
Interest	(11,142)
Amortization of deferred refunding charges	(4,514)
Change in deferred outflows of resources related to Other postemployment benefits	22,574
Other postemployment benefits	35,858
Change in deferred inflows of resources related to Other postemployment benefits	(90,215)

In the statement of activities, the (loss) on the disposition of capital assets is reported.

The (loss) is not a current financial resource and thus is not reported in the funds.	1,014
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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	4,966,825
Depreciation	(1,989,115)
Leases	595,577
Lease amortization	(182,379)

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	(216,438)
Change in net pension asset or liability	(2,672,656)
Change in deferred inflows of resources	3,390,958

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.

379,183

Change in net position of governmental activities	\$ 4,297,199
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***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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 6,114,150	\$ 6,114,150	\$ 6,338,502	\$ 224,352
Franchise fees and other taxes	3,778,088	3,778,088	3,936,593	158,505
Licenses and permits	523,600	523,600	900,774	377,174
Intergovernmental	1,164,012	1,318,286	1,276,474	(41,812)
Charges for services	161,599	161,599	159,901	(1,698)
Fines and forfeitures	530,000	530,000	486,667	(43,333)
Interest	30,000	30,000	66,865	36,865
Miscellaneous	10,000	10,000	9,958	(42)
Total revenues	12,311,449	12,465,723	13,175,734	710,011
<u>Expenditures</u>				
General government	319,081	473,355	449,397	23,958
Municipal court	376,702	376,702	382,422	(5,720)
Police	8,601,800	8,668,427	8,433,125	235,302
Communications	1,275,933	1,275,933	992,600	283,333
Library	2,034,334	2,034,334	2,028,588	5,746
Planning	1,583,008	1,583,008	1,107,064	475,944
Contingency	2,527,123	3,521,250	-	3,521,250
Total expenditures	16,717,981	17,933,009	13,393,196	4,539,813
Excess (deficiency) of revenues over expenditures	(4,406,532)	(5,467,286)	(217,462)	5,249,824
<u>Other financing sources (uses)</u>				
Sale of capital assets	5,000	5,000	54,282	49,282
Transfers in	557,509	947,109	909,746	(37,363)
Transfers out	(496,296)	(496,296)	(372,575)	123,721
Total other financing sources (uses)	66,213	455,813	591,453	135,640
Net change in fund balance	(4,340,319)	(5,011,473)	373,991	5,385,464
Fund balance, July 1, 2022	4,340,319	5,011,473	5,011,472	(1)
Fund balance, June 30, 2023	\$ -	\$ -	\$ 5,385,463	\$ 5,385,463

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Licenses and permits	\$ 80,000	\$ 80,000	\$ 52,430	\$ (27,570)
Intergovernmental	1,919,000	1,919,000	2,079,637	160,637
Charges for services	1,206,500	1,206,500	1,249,603	43,103
Assessments	-	-	1,342	1,342
Interest	15,000	15,000	41,043	26,043
Miscellaneous	-	-	3,248	3,248
<b>Total revenues</b>	<b>3,220,500</b>	<b>3,220,500</b>	<b>3,427,303</b>	<b>206,803</b>
<u>Expenditures</u>				
Public works	1,840,586	1,912,586	1,894,040	18,546
Contingency	1,591,750	2,058,469	-	2,058,469
<b>Total expenditures</b>	<b>3,432,336</b>	<b>3,971,055</b>	<b>1,894,040</b>	<b>2,077,015</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(211,836)</b>	<b>(750,555)</b>	<b>1,533,263</b>	<b>2,283,818</b>
<u>Other financing sources (uses)</u>				
Special payments - loans	(50,000)	(50,000)	(4,000)	46,000
Special payments - grants	(50,000)	(50,000)	(48,950)	1,050
Sale of capital assets	1,000	1,000	4,415	3,415
Transfers out	(2,082,770)	(2,236,288)	(3,403,570)	(1,167,282)
<b>Total other financing sources (uses)</b>	<b>(2,181,770)</b>	<b>(2,335,288)</b>	<b>(3,452,105)</b>	<b>(1,116,817)</b>
<b>Net change in fund balance</b>	<b>(2,393,606)</b>	<b>(3,085,843)</b>	<b>(1,918,842)</b>	<b>1,167,001</b>
Fund balance, July 01, 2022	2,393,606	3,085,843	3,085,843	-
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,167,001</b>	<b>\$ 1,167,001</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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Licenses and permits	\$ 576,660	\$ 576,660	\$ 1,142,292	\$ 565,632
Charges for services	150,000	150,000	184,517	34,517
Interest	2,500	2,500	57,957	55,457
Miscellaneous	20	20	15	(5)
<b>Total revenues</b>	<b>729,180</b>	<b>729,180</b>	<b>1,384,781</b>	<b>655,601</b>
<u>Expenditures</u>				
Building inspection	1,107,207	1,107,207	915,731	191,476
Contingency	2,245,729	2,628,823	-	2,628,823
<b>Total expenditures</b>	<b>3,352,936</b>	<b>3,736,030</b>	<b>915,731</b>	<b>2,820,299</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,623,756)</b>	<b>(3,006,850)</b>	<b>469,050</b>	<b>3,475,900</b>
<u>Other financing sources (uses)</u>				
Sale of capital assets	2,000	2,000	-	(2,000)
<b>Total other financing sources (uses)</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>(2,000)</b>
<b>Net change in fund balance</b>	<b>(2,621,756)</b>	<b>(3,004,850)</b>	<b>469,050</b>	<b>3,473,900</b>
Fund balance, July 01, 2022	2,621,756	3,004,850	3,004,850	-
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,473,900</b>	<b>\$ 3,473,900</b>

See accompanying notes

# City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Grants	\$ 2,651,227	\$ 2,651,227	\$ 2,652,719	\$ 1,492
Total revenues	2,651,227	2,651,227	2,652,719	1,492
<u>Expenditures</u>				
Finance	300,000	300,000	292,219	7,781
Information Technology	-	131,794	131,794	-
Police	-	58,780	58,780	-
Economic Development	2,351,227	3,399,823	1,211,308	2,188,515
Public Works	-	72,870	72,870	-
Total expenditures	2,651,227	3,963,267	1,766,971	2,196,296
Net change in fund balance	-	(1,312,040)	885,748	2,197,788
Fund balance, July 01, 2022	-	1,312,040	1,312,040	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 2,197,788	\$ 2,197,788

### Reconciliation to generally accepted accounting principles

Unearned Revenue	(2,197,788)
	-

See accompanying notes

## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

The City of Newberg utilizes five proprietary funds including three 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. 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**

#### **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 are included as three separate enterprise funds.

# City of Newberg, Oregon

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2023

	Business-type Activities				Governmental Activities
	Water	Waste- water	Storm- water	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ -	\$ 26,940,497	\$ 3,663,400	\$ 30,603,897	\$ 2,224,649
Investments	14,602,762	-	-	14,602,762	-
Accounts and notes receivable, net	925,022	1,175,057	235,761	2,335,840	-
Due from other funds	-	1,204,237	-	1,204,237	-
Inventory	204,016	66,165	-	270,181	25,699
<b>Total current assets</b>	<b>15,731,800</b>	<b>29,385,956</b>	<b>3,899,161</b>	<b>49,016,917</b>	<b>2,250,348</b>
<b>Noncurrent assets</b>					
Other postemployment benefits asset	14,517	20,554	7,167	42,238	24,988
Land and construction in progress	4,073,694	3,612,418	493,885	8,179,997	-
Other capital assets, net of depreciation	29,107,606	44,170,627	9,545,532	82,823,765	950,911
<b>Total noncurrent assets</b>	<b>33,195,817</b>	<b>47,803,599</b>	<b>10,046,584</b>	<b>91,046,000</b>	<b>975,899</b>
<b>Total assets</b>	<b>48,927,617</b>	<b>77,189,555</b>	<b>13,945,745</b>	<b>140,062,917</b>	<b>3,226,247</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	1,116,064	1,468,758	368,325	2,953,147	1,599,512
Other postemployment benefits related items	49,032	67,923	24,211	141,166	79,392
Deferred refunding charge	93,745	10,253	-	103,998	-
<b>Total deferred outflows of resources</b>	<b>1,258,841</b>	<b>1,546,934</b>	<b>392,536</b>	<b>3,198,311</b>	<b>1,678,904</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	676,586	246,195	58,752	981,533	334,028
Payroll liabilities	15,667	-	-	15,667	710,643
Due to other funds	1,204,237	-	-	1,204,237	-
Interest payable	27,545	137,485	-	165,030	-
Deferred revenue	-	317,631	-	317,631	-
Compensated absences	163,155	196,508	61,185	420,848	225,306
Current portion of notes payable	835,559	1,505,707	-	2,341,266	-
<b>Total current liabilities</b>	<b>2,922,749</b>	<b>2,403,526</b>	<b>119,937</b>	<b>5,446,212</b>	<b>1,269,977</b>
<b>Long-term obligations</b>					
Notes payable, net of current portion	1,962,609	17,582,253	-	19,544,862	-
Net pension liability	3,499,794	4,664,531	1,057,967	9,222,292	4,912,926
Other postemployment benefits liability	143,127	169,597	54,612	367,336	206,369
<b>Total long-term obligations</b>	<b>5,605,530</b>	<b>22,416,381</b>	<b>1,112,579</b>	<b>29,134,490</b>	<b>5,119,295</b>
<b>Total liabilities</b>	<b>8,528,279</b>	<b>24,819,907</b>	<b>1,232,516</b>	<b>34,580,702</b>	<b>6,389,272</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	200,811	227,232	127,452	555,495	352,659
Other postemployment benefits related items	61,617	86,476	31,218	179,311	100,532
<b>Total deferred inflows of resources</b>	<b>262,428</b>	<b>313,708</b>	<b>158,670</b>	<b>734,806</b>	<b>453,191</b>
<b>NET POSITION</b>					
Net investment in capital assets	30,476,877	28,705,338	10,039,417	69,221,632	950,911
Restricted for:					
System expansion	325,122	12,779,615	364,981	13,469,718	-
Unrestricted	10,593,752	12,117,921	2,542,697	25,254,370	(2,888,223)
<b>Total net position</b>	<b>\$ 41,395,751</b>	<b>\$ 53,602,874</b>	<b>\$ 12,947,095</b>	<b>107,945,720</b>	<b>\$ (1,937,312)</b>
Adjustment to reflect the combination of internal service fund activities related to enterprise funds.				709,018	
Net position of business-type activities				<b>\$ 108,654,738</b>	

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2023

	Business-type Activities				Governmental Activities
	Water	Waste- water	Storm- water	Total Enterprise Funds	Internal Service Funds
<u>Operating revenues</u>					
Charges for services, net	\$ 7,180,461	\$ 10,251,212	\$ 2,346,171	\$ 19,777,844	\$ 6,191,532
Miscellaneous	51,636	7,053	11	58,700	565,574
Total operating revenues	7,232,097	10,258,265	2,346,182	19,836,544	6,757,106
<u>Operating expenses</u>					
Personal services	2,198,169	2,902,283	823,141	5,923,593	3,268,021
Materials and services	2,997,097	3,502,143	790,346	7,289,586	2,986,374
Depreciation and amortization	1,478,691	3,031,243	423,983	4,933,917	193,501
Total operating expenses	6,673,957	9,435,669	2,037,470	18,147,096	6,447,896
Operating income (loss)	558,140	822,596	308,712	1,689,448	309,210
<u>Nonoperating revenues (expenses)</u>					
Interest income	143,047	471,243	60,046	674,336	31,085
Grants	-	350,700	-	350,700	-
Interest expense	(83,024)	(379,450)	-	(462,474)	-
Gain (loss) on sale of capital assets	11,173	9,505	10,219	30,897	-
Total nonoperating revenues (expenses)	71,196	451,998	70,265	593,459	31,085
Income (loss) before capital contributions and transfers	629,336	1,274,594	378,977	2,282,907	340,295
Capital contributions	1,023,458	2,624,460	352,216	4,000,134	-
Change in net position	1,652,794	3,899,054	731,193	6,283,041	340,295
Net position, July 1, 2022	39,742,957	50,222,151	12,215,902	102,181,010	(2,277,607)
Prior period adjustment	-	(518,331)	-	(518,331)	-
Net position, June 30, 2023	\$ 41,395,751	\$ 53,602,874	\$ 12,947,095	107,945,720	\$ (1,937,312)
Adjustment to reflect the combination of internal service fund activities related to enterprise funds.				(38,888)	
Change in net position of business-type activities				<u>\$ 6,244,153</u>	

*See accompanying notes*

**City of Newberg, Oregon**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2023

	Business-type Activities				Governmental Activities
	Water	Waste-water	Storm-water	Total Enterprise Funds	Internal Service Funds
<u>Cash flows from operating activities</u>					
Cash received from customers	\$ 7,255,686	\$ 9,857,982	\$ 2,326,774	\$ 19,440,442	\$ -
Cash received from other funds	-	-	-	-	6,194,920
Cash paid to suppliers	(1,436,235)	(4,871,339)	(805,632)	(7,113,206)	(3,083,507)
Cash paid to employees	(2,047,147)	(2,694,718)	(866,916)	(5,608,781)	(3,139,370)
Other receipts	51,636	7,053	11	58,700	565,574
Net cash provided by (used in) operating activities	3,823,940	2,298,978	654,237	6,777,155	537,617
<u>Cash flows from noncapital financing activities</u>					
Grants	-	350,700	-	350,700	-
Net cash provided by (used in) noncapital financing activities	-	350,700	-	350,700	-
<u>Cash flows from capital and related financing activities</u>					
Principal paid on long-term obligations	(1,098,241)	(1,431,161)	-	(2,529,402)	-
Interest paid on long-term obligations	(115,567)	(428,361)	-	(543,928)	-
Purchases of capital assets	(4,256,505)	(987,420)	(521,835)	(5,765,760)	(156,374)
Sale of capital assets	1,673	5	4,255	5,933	-
Developer contributions	674,538	2,408,715	75,331	3,158,584	-
Net cash provided by (used in) capital and related financing activities	(4,794,102)	(438,222)	(442,249)	(5,674,573)	(156,374)
<u>Cash flows from investing activities</u>					
Interest received on investments	273,085	471,243	60,046	804,374	31,085
Net cash provided by investment activities	273,085	471,243	60,046	804,374	31,085
Net increase (decrease) in cash and investments	(697,077)	2,682,699	272,034	2,257,656	412,328
Cash and cash equivalents, July 1, 2022	697,077	24,257,798	3,391,366	28,346,241	1,812,321
Cash and cash equivalents, June 30, 2023	\$ -	\$ 26,940,497	\$ 3,663,400	\$ 30,603,897	\$ 2,224,649
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 558,140	\$ 822,596	\$ 308,712	\$ 1,689,448	\$ 309,210
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</u>					
Depreciation and amortization	1,478,691	3,031,243	423,983	4,933,917	193,501
(Increase) decrease in OPEB related items	5,645	8,181	3,086	16,912	9,247
(Increase) decrease in accounts receivable	75,225	(192,530)	(19,397)	(136,702)	3,388
(Increase) decrease in pension related items	154,003	218,964	(37,157)	335,810	285,849
(Increase) decrease in inventory	22,220	(12,074)	-	10,146	(2,428)
(Increase) decrease in other assets	4,193	4,193	4,193	12,579	1,590
Increase (decrease) in accounts payable	330,212	(157,078)	(19,479)	153,655	(95,795)
Increase (decrease) in utility billing assistance donation pay	-	-	-	-	(500)
Increase (decrease) in payroll liabilities	(22,816)	(48,891)	(16,189)	(87,896)	(214,824)
Increase (decrease) in due to/from other funds	1,204,237	(1,204,237)	-	-	-
Increase (decrease) in deferred revenue	-	(200,700)	-	(200,700)	-
Increase (decrease) in compensated absences	14,190	29,311	6,485	49,986	48,379
Net cash provided by (used in) operating activities	\$ 3,823,940	\$ 2,298,978	\$ 654,237	\$ 6,777,155	\$ 537,617
<u>Schedule of noncash capital and related financing activities</u>					
Developer contributed capital assets	\$ 348,920	\$ 215,745	\$ 276,885	\$ 841,550	\$ -

*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 and court collections for other governments

# City of Newberg, Oregon

## STATEMENT OF NET POSITION FIDUCIARY FUNDS

June 30, 2023

	Employees Retirement Plan Trust	Custodial
<u>ASSETS</u>		
Cash	\$ -	\$ 4,401
Investments		
Pooled separate accounts with Principal Financial Group	24,924,029	-
Total assets	24,924,029	4,401
<u>LIABILITIES</u>		
Accounts payable	-	4,401
Total liabilities	-	4,401
<u>NET POSITION</u>		
Net position restricted for pensions	\$ 24,924,029	\$ -

*See accompanying notes*



# City of Newberg, Oregon

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

For the year ended June 30, 2023

	Employees Retirement Plan Trust	Custodial
<u>Additions</u>		
Contributions		
Employer	\$ 1,643,822	\$ -
Plan members	211,550	-
Total contributions	1,855,372	-
Investment earnings		
Net appreciation in the fair value of investments	1,692,283	-
Total investment earnings	1,692,283	-
Court collections for other governments	-	530,370
<b>Total additions</b>	<b>3,547,655</b>	<b>530,370</b>
<u>Deductions</u>		
Benefits	1,918,251	-
Administrative expenses	110,107	-
Court collections remitted to other governments	-	530,370
<b>Total deductions</b>	<b>2,028,358</b>	<b>530,370</b>
Change in net position	1,519,297	-
Net position, beginning	23,404,732	-
<b>Net position, ending</b>	<b>\$ 24,924,029</b>	<b>\$ -</b>

*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, 2023

### 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, 2023

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.

- *ARPA*

This fund accounts for the Federal grant funds awarded to the City through the American Rescue Plan Act (ARPA).

The City reports each of its three proprietary activities as major funds. The funds are used to account for water, wastewater, and stormwater operations. These funds are entirely or predominately self-supporting through user charges.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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.

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 only internal service fund is the Administrative Support Services Fund. The totals for this internal service fund 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.

Custodial – 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, 2023

### 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. Custodial funds use the economic resources 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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, 2023

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 principal ongoing operations. The principal operating revenues for the City's Water, Wastewater, and Stormwater 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 lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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.

### **Leases**

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### **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.

### **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 – NW Firefighters Relief Association Services (NWFRA)**

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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### **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 assets 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 an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Pension and OPEB related items which are amortized over specified periods are reported as deferred inflows of resources.

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.”

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### **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, though an ordinance is considered more binding than a resolution.

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, by a resolution passed by the city council, to the Finance Director to assign fund balance amounts.

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

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

### **Retirement Plan**

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**

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. It requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The City implemented the provisions of GASB 96 as of July 1, 2022, however it was determined that there were no eligible arrangements to report as of the end of the fiscal year.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City implemented the provisions of GASB 100 as of July 1, 2022.

### **Change in Accounting Estimate**

A significant change in accounting estimate took place in the current fiscal year. The City previously participated in workers' compensation insurance through Citycounty Insurance Services(CIS), our primary insurance provider. That plan was a paid loss retrospective rating plan, which resulted in the City carrying an estimated workers comp liability. CIS no longer offers this plan, and for that reason the City switched to coverage through SAIF, who uses estimated premium paid in advance during the policy year. This shift in a retroactive liability design to a prepayment of the premiums required a change in estimate that the City has implemented in 2023. The workers' compensation liability previously estimated by the City was removed from the Administrative Support Services Fund and was recognized through miscellaneous revenue.

## **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 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, 2023, the city council approved two supplemental budget resolutions.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### 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 programs had expenditures in excess of adopted appropriations. The over expenditures were all funded through available fund balances.

	Original Budget	Final Budget	Actual	Variance
General Fund:				
Municipal Court	\$376,702	\$376,702	\$382,422	(\$5,720)
Street Capital Projects Fund:				
Capital Outlay	\$4,990,970	\$5,640,193	\$6,015,276	(\$375,083)

### 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, 2023:

- Pooled separate accounts with Principal Financial Group of \$24,924,029 are valued using net asset value as a practical expedient to fair value (Level 2 inputs)
- Investments in Federal Treasury Bonds of \$19,214,160 are valued using fair value (Level 1 inputs)

Cash, cash equivalents, and investments are comprised of the following at June 30, 2023:

Cash on hand	\$ 1,700
Cash with county treasurer	74,227
Deposits with financial institutions	8,711,844
Local government investment pool	42,058,882
Investments	<u>44,138,189</u>
Total cash, cash equivalents, and investments	<u>\$ 94,984,842</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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 Annual Comprehensive Financial Report. A copy of the State's annual comprehensive financial report may be obtained at the Oregon State Treasury, 350 Winter St. 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, 2023, the City had the following investments:

Investments	Maturities	Total	Fair Value	Credit Risk
Pooled Separate Accounts with Principal Financial Group (Pension Trust)	N/A	\$ 24,924,029	\$ 24,924,029	Various
US Treasury Bonds	May 2025	19,214,160	19,214,160	N/A
Total Investments		<u>\$ 44,138,189</u>	<u>\$ 44,138,189</u>	

#### **Interest Rate Risk**

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

#### **Concentration of Credit Risk**

The City has a formal policy that places a limit on the amount that may be invested in any one issuer. Investments in Bankers Acceptances, Certificates of Deposit, and Repurchase Agreements are limited to 25% of the portfolio. No more than 50% of the portfolio shall be in governmental agencies. 100% of the City's investments, other than the Pension Trust investments, are in the State Treasurer's Investment Pool.

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

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. 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.



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### **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 Depositary Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2023, none of the City's bank balances were exposed to custodial credit risk.

The City's deposits and investments by activity/fund as of June 30, 2023 are as follows:

### **Governmental funds/activities**

General	\$ 5,282,594
Street	939,577
Building inspection	3,519,124
Street capital projects	2,315,086
ARPA	2,197,788
Nonmajor governmental	<u>8,370,935</u>
Total governmental funds	22,625,104
Internal service fund cash allocated to governmental activities	<u>1,476,743</u>
Total governmental activities	<u>24,101,847</u>

### **Business-type activities/Enterprise funds**

Enterprise	
Water	13,398,525
Wastewater	28,144,734
Stormwater	<u>3,663,400</u>
Total enterprise funds	45,206,659
Internal service fund cash allocated to business-type activities	<u>747,906</u>
Total business-type activities	<u>45,954,565</u>

### **Fiduciary funds**

Employees retirement plan trust	24,924,029
Custodial	<u>4,401</u>
Total fiduciary funds	<u>24,928,430</u>
Total deposits and investments	<u><u>\$ 94,984,842</u></u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### 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 June 30, 2023 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	\$ 257,438	\$ -	\$ -	\$ 282,068	\$ 539,506
Street	313,968	2,658	-	-	316,626
Nonmajor	<u>635,165</u>	<u>96,595</u>	<u>29,682</u>	<u>1,554</u>	<u>762,996</u>
Total governmental activities/funds	<u>1,206,571</u>	<u>99,253</u>	<u>29,682</u>	<u>283,622</u>	<u>1,619,128</u>
<b>Business-type activities/funds</b>					
Water	890,737	6,269	28,016	-	925,022
Wastewater	1,049,279	125,778	-	-	1,175,057
Stormwater	<u>233,422</u>	<u>2,339</u>	<u>-</u>	<u>-</u>	<u>235,761</u>
Total business-type activities/funds	<u>2,173,438</u>	<u>134,386</u>	<u>28,016</u>	<u>-</u>	<u>2,335,840</u>
Total Receivables	<u>\$ 3,380,009</u>	<u>\$ 233,639</u>	<u>\$ 57,698</u>	<u>\$ 283,622</u>	<u>\$ 3,954,968</u>

Court fines in the amount of \$7,719,583 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, 2023

### Interfund Receivables, Payables, and Transfers

The interfund transfer activity for fiscal year ended June 30, 2023 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>Governmental funds:</u>		
General	\$ 909,746	\$ 372,575
Street	-	3,403,570
Street capital projects	5,822,094	-
Nonmajor	<u>372,575</u>	<u>3,328,270</u>
Totals	<u>\$ 7,104,415</u>	<u>\$ 7,104,415</u>

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

The Transient Lodging Tax Fund had an interfund payable to the General Fund in the amount of \$252,025 related to a negative cash and cash equivalent adjustment based on timing of revenues and receivables.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

	Beginning Balance July 1, 2022	Additions	Deletions	Ending Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 1,243,673	\$ -	\$ -	\$ 1,243,673
Right of way	26,831,118	-	-	26,831,118
Construction in progress	8,019,156	4,630,831	(964,266)	11,685,721
Total capital assets not being depreciated	36,093,947	4,630,831	(964,266)	39,760,512
Capital assets being depreciated:				
Buildings and improvements	11,592,451	75,192	-	11,667,643
Equipment	7,502,969	493,718	(164,463)	7,832,224
Right-to-use leased equipment	233,579	595,577	-	829,156
Infrastructure	77,768,929	897,223	-	78,666,152
Total capital assets being depreciated	97,097,928	2,061,710	(164,463)	98,995,175
Less accumulated depreciation for:				
Buildings and improvements	(5,774,192)	(274,567)	-	(6,048,759)
Equipment	(5,924,499)	(427,066)	155,977	(6,195,588)
Right-to-use leased equipment	(58,395)	(182,379)	-	(240,774)
Infrastructure	(41,733,053)	(1,480,982)	-	(43,214,035)
Total accumulated depreciation	(53,490,139)	(2,364,994)	155,977	(55,699,156)
Total capital assets being depreciated, net	43,607,789	(303,284)	(8,486)	43,296,019
Governmental activities capital assets, net	\$ 79,701,736	\$ 4,327,547	\$ (972,752)	\$ 83,056,531

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

General government	\$ 169,092
Public safety	424,032
Library	57,611
Community development	1,520,758
Depreciation incurred in internal service funds charged to various governmental functions/programs	193,501
Total	\$ 2,364,994

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### Capital Assets (Continued)

Capital assets of the internal service funds are included in the governmental activities. For the fiscal year ended June 30, 2023, internal service fund capital assets, net of depreciation were \$950,911.

Capital asset activity for business-type activities for the year ended June 30, 2023 was as follows:

	Beginning Balance July 1, 2022	Additions	Deletions	Ending Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 3,192,591	\$ -	\$ -	\$ 3,192,591
Construction in progress	<u>3,389,205</u>	<u>5,030,115</u>	<u>(3,431,914)</u>	<u>4,987,406</u>
Total capital assets not being depreciated	<u>6,581,796</u>	<u>5,030,115</u>	<u>(3,431,914)</u>	<u>8,179,997</u>
Capital assets being depreciated:				
Buildings and improvements	47,307,481	265,548	-	47,573,029
Equipment	44,633,389	1,474,813	(142,638)	45,965,564
Utility systems	<u>66,808,633</u>	<u>3,297,247</u>	<u>-</u>	<u>70,105,880</u>
Total capital assets being depreciated	<u>158,749,503</u>	<u>5,037,608</u>	<u>(142,638)</u>	<u>163,644,473</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,432,444)	(1,559,818)	-	(29,992,262)
Equipment	(22,895,698)	(1,936,760)	139,103	(24,693,355)
Utility systems	<u>(24,697,752)</u>	<u>(1,437,339)</u>	<u>-</u>	<u>(26,135,091)</u>
Total accumulated depreciation	<u>(76,025,894)</u>	<u>(4,933,917)</u>	<u>139,103</u>	<u>(80,820,708)</u>
Total capital assets being depreciated, net	<u>82,723,609</u>	<u>103,691</u>	<u>(3,535)</u>	<u>82,823,765</u>
Business-type activities capital assets, net	<u>\$ 89,305,405</u>	<u>\$ 5,133,806</u>	<u>\$ (3,435,449)</u>	<u>\$ 91,003,762</u>

Depreciation expense for business-type activities for the year ended June 30, 2023 was as follows:

Water	\$ 1,478,691
Wastewater	3,031,243
Stormwater	<u>423,983</u>
Total	<u>\$ 4,933,917</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### 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 July 1, 2022	Increase	Decrease	Ending Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities					
Long-term debt obligations					
Revenue Bonds:					
Limited tax pension bonds	\$ 1,535,000	\$ -	\$ (215,000)	\$ 1,320,000	\$ 240,000
Direct Placements and Direct Borrowings					
Full faith and credit public safety communications upgrade financing agreement	2,034,463	-	(316,424)	1,718,039	325,157
Oregon Transportation Infrastructure Bank loan	1,574,747	-	(102,288)	1,472,459	104,927
Lease payable	173,909	595,577	(189,244)	580,242	174,045
Total long-term debt obligations	5,318,119	595,577	(822,956)	5,090,740	844,129
Other long-term obligations					
Compensated absences	1,036,413	1,184,661	(1,036,413)	1,184,661	1,184,661
Net pension liability	11,134,649	4,336,713	-	15,471,362	-
Other postemployment benefits liability	1,069,160	-	(68,086)	1,001,074	-
Total Governmental Activities	<u>\$ 18,558,341</u>	<u>\$ 6,116,951</u>	<u>\$ (1,927,455)</u>	<u>\$ 22,747,837</u>	<u>\$ 2,028,790</u>

Long-term obligations of the internal service funds are included in the governmental activities. As of June 30, 2023, internal service fund long-term obligations were \$5,344,601.

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, 2023

### Long-term Obligations (Continued)

	Beginning Balance			Ending Balance	Amounts Due
	July 1, 2022	Increase	Decrease	June 30, 2023	Within One Year
Business-type Activities					
Long-term debt obligations					
Revenue Bonds					
Full faith and credit refunding bonds					
Water	\$ 2,760,000	\$ -	\$ (985,000)	\$ 1,775,000	\$ 660,000
Unamortized note premium	166,783	-	(41,695)	125,088	41,695
Direct Placements and Direct Borrowings					
Notes payable, Business Oregon					
Wastewater	2,435,079	-	(300,046)	2,135,033	313,597
Water	918,267	-	(113,241)	805,026	118,355
Unamortized note premium	396,350	-	(56,622)	339,728	56,622
Clean Water State Revolving Fund					
Wastewater	<u>17,837,368</u>	<u>-</u>	<u>(1,131,115)</u>	<u>16,706,253</u>	<u>1,150,997</u>
Total long-term debt obligations	24,513,847	-	(2,627,719)	21,886,128	2,341,266
Other long-term obligations					
Compensated absences	370,862	420,848	(370,862)	420,848	420,848
Net pension liability	6,302,314	2,919,978	-	9,222,292	-
Other postemployment benefits liability	<u>395,400</u>	<u>-</u>	<u>(28,064)</u>	<u>367,336</u>	<u>-</u>
Total Business-type Activities	<u>\$ 31,582,423</u>	<u>\$ 3,340,826</u>	<u>\$ (3,026,645)</u>	<u>\$ 31,896,604</u>	<u>\$ 2,762,114</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

#### ***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
2024	\$ 240,000	\$ 80,454
2025	270,000	65,826
2026	300,000	49,370
2027	335,000	31,084
2028	175,000	10,666
Totals	<u>\$ 1,320,000</u>	<u>\$ 237,400</u>

##### **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
2024	\$ 325,157	\$ 47,418
2025	334,131	38,444
2026	343,353	29,222
2027	352,830	19,745
2028	362,568	10,006
Totals	<u>\$ 1,718,039</u>	<u>\$ 144,835</u>



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### 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. Subsequently, in December 2022, both parties signed an amendment to the loan increasing the possible drawdowns by an additional \$2,615,000 and extending the maturity date to July 1, 2065. As of June 30, 2023 drawdowns on the loan totaled \$2,211,200 and repayments totaled \$738,741. Therefore, as of June 30, 2023 the outstanding principal balance is \$1,472,459. Debt service requirements to maturity are as follows:

Year ended June 30,	Principal	Interest
2024	\$ 104,927	\$ 37,989
2025	107,634	35,282
2026	110,411	32,505
2027	113,259	29,657
2028	116,181	26,735
2029-2033	627,445	87,135
2034-2036	292,602	12,080
Totals	<u>\$ 1,472,459</u>	<u>\$ 261,383</u>

### *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
2024	\$ 660,000	\$ 42,313
2025	675,000	26,037
2026	440,000	8,800
Totals	<u>\$ 1,775,000</u>	<u>\$ 77,150</u>

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

#### 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, 2023, the outstanding balance was \$2,940,059. 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
2024	\$ 431,952	\$ 146,187
2025	455,029	125,359
2026	474,031	102,607
2027	498,442	78,696
2028	527,865	53,774
2029	552,740	27,148
Totals	<u>\$ 2,940,059</u>	<u>\$ 533,771</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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 \$16,706,253 as of June 30, 2023. The required loan reserve is \$744,778, or one-half the average annual debt service. Future debt payments are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 1,150,997	\$ 287,345
2025	1,171,226	267,116
2026	1,191,812	246,530
2027	1,212,761	225,581
2028	1,234,077	204,265
2029-2033	6,503,474	688,236
2034-2036	<u>4,241,906</u>	<u>132,129</u>
	<u>\$ 16,706,253</u>	<u>\$ 2,051,202</u>

### Lease payable

During the current fiscal year, the City of Newberg was a lessee in several lease agreements for the acquisition and use of police vehicles and equipment. As of June 30, 2023, the total value of all of the lease liabilities was \$576,778. The City of Newberg is required to make annual lease payments on these police leases totaling \$122,807. At the end of the individual lease terms, the City does not intend to purchase any of the vehicles/equipment. The value of the right-to-use assets at the end of the current fiscal year was \$828,195 with accumulated amortization of \$240,581.

Year Ending June 30,	Principal	Interest
2024	\$ 174,045	\$ 18,111
2025	178,876	13,156
2026	124,273	8,047
2027	<u>103,047</u>	<u>3,647</u>
	<u>\$ 580,241</u>	<u>\$ 42,961</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### Unavailable Revenue

The following represents deferred inflows of resources including those from property taxes, loans, and special assessments as of June 30, 2023:

Fund	SDC Notes	Loans	Assessments	Taxes	Total
Governmental					
General	\$ -	\$ -	\$ -	\$ 282,068	\$ 282,068
Street	-	2,658	-	-	-
Nonmajor	84,095	12,500	29,682	1,554	127,831
	<u>\$ 84,095</u>	<u>\$ 15,158</u>	<u>\$ 29,682</u>	<u>\$ 283,622</u>	<u>\$ 409,899</u>

### 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 benefit of the participants and are not assets or liabilities of the City.

#### Other Postemployment Benefits Summary

Balances of the City's three OPEB plans are aggregated and displayed in the financial statements as follows:

	CCIS	NWFRA	PERS RHIA	Total
Net OPEB asset	\$ -	\$ -	\$ 147,927	\$ 147,927
Deferred outflows of resources	34,238	434,006	18,987	487,231
Total OPEB liability	(512,166)	(856,244)	-	(1,368,410)
Deferred inflows of resources	(460,496)	(136,607)	(20,221)	(617,324)
OPEB expense (income)	(13,017)	94,079	(10,267)	70,795

#### 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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### B. Plan membership

The City's membership in the plan at July 1, 2022 (the date of the most current actuarial valuation) consisted of 92 active employees and 1 spouse of ineligible retirees for a total of 93 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 retirees	\$ 805
For spouses of retirees	876

### 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, 2023, the City reported a total OPEB liability of \$512,166. The total OPEB liability was measured as of June 30, 2022 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 661,008
Changes for the year:	
Service cost	51,773
Interest on total OPEB liability	15,188
Effect of economic/demographic gains or losses	(112,867)
Effect of assumptions changes or inputs	(83,549)
Benefit Payments	<u>(19,387)</u>
Ending balances	<u>\$ 512,166</u>

For the year ended June 30, 2023, the City recognized a credit to OPEB expense of \$13,017. At June 30, 2023, the City's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ --	\$ 367,048
Changes of assumptions or inputs	23,504	93,448
City's contributions subsequent to the measurement date	<u>10,734</u>	<u>--</u>
	<u>\$ 34,238</u>	<u>\$ 460,496</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$10,734 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2024. 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,

2023	\$ (69,244)
2024	(69,244)
2025	(69,244)
2026	(67,110)
2027	(63,355)
Thereafter	<u>(98,795)</u>
Total	<u>\$ (436,992)</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, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	3.54 percent
Inflation Rate	2.40 percent
Projected Salary Increases	3.40 percent
Mortality	Healthy retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

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 3.54 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 2.16 percent.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### Healthcare cost trend rate

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

Year	Pre-65 Trend
2022	4.25%
2023	6.75%
2024	6.50%
2025	6.00%
2026	5.25%
2027	5.00%
2028-2029	4.75%
2030	4.50%
2031-2065	4.25%
2066-2071	4.00%
2072+	3.75%

Dental costs are assumed to increase 1.75 percent for 2022, 4.00 percent until 2072, and increase 3.75 percent in all years thereafter.

### 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 3.54 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 (2.54 percent) or 1-percentage-point higher (4.54 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	\$ 555,074	\$ 512,166	\$ 472,292
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 455,079	\$ 512,166	\$ 579,309

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### Other Postemployment Benefits Plan – NWFRA

#### A. Plan description

The Northwest Firefighters Relief Association Health Trust Retiree Program is a cost-sharing multiple-employer post-employment benefit plan that provides health insurance to eligible retirees of employers who participate in the Trust (an OPEB plan). As of the most recent valuation date (June 30, 2023), the Trust has eight participating employers, Tualatin Valley Fire and Rescue, Molalla Rural Fire Protection, Woodburn Fire District, Canby Fire District, City of Newberg Police Department, Forest Grove Fire and Rescue, Hoodland Fire District, and Port of Portland Fire Department. This plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The program allows eligible retirees and their dependents to purchase continuation coverage under the Trust's health insurance plans from the date of retirement until eligibility for Medicare. Newberg Police Department is required by ORS 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees.

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

At June 30, 2023, Newberg Police Department reported a liability of \$856,244 for its proportionate share of the total OPEB liability. At June 30, 2023, Newberg Police Department's proportionate share was 3.4321%.

For the year ending June 30, 2023, Newberg Police Department recognized OPEB expense of \$94,079. At June 30, 2023, Newberg Police Department 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
Difference between expected and actual experience	\$ 101,277	\$ 15,740
Changes of assumptions	275,802	48,426
Changes in proportionate share	<u>56,927</u>	<u>72,441</u>
	<u>\$ 434,006</u>	<u>\$ 136,607</u>

Future 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,

2024	\$ 30,527
2025	30,527
2026	30,527
2027	30,527
2028	30,527
Thereafter	<u>144,764</u>
Total	<u>\$ 297,399</u>



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### C. Actuarial methods and assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial methods and assumptions:

Discount rate: 3.65%

Inflation: 2.5%

Salary increases: 3.5%

Medical cost trend rates: 5% annual increases in all future years

The 3.65% discount rate assumption is the June 30, 2023 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2021 actuarial valuation of the Oregon Public Employees Retirement System for Police and Fire employees.

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

The following presents Newberg Police Department's proportionate share of the Total OPEB Liability, as well as what Newberg Police Department's proportionate share of the Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's net OPEB liability (asset)	\$ 930,508	\$ 856,244	\$ 788,216

### 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.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

#### 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, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The City's contribution rates for the period were 0.06% for Tier One/Tier Two members, and 0% for OPSRP members. The City's total contributions were \$995 for the year ended June 30, 2023.

#### D. Actuarial Valuations

Except as outlined below, the December 31, 2020 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 27.5 percent of the time for healthy retirees and 15 percent of the time for disabled retirees.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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

At June 30, 2023, the City reported an asset of \$147,927 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB Liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2022, the City's proportionate share was 0.04163025%, which is an decrease from its proportionate share of 0.05204032% as of June 30, 2021.

For the year ended June 30, 2023, the City recognized OPEB income of \$10,267. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 4,009
Changes of assumptions	1,158	4,931
Net difference between projected and actual earnings on investments	--	11,281
Changes in proportionate share	16,834	--
City's contributions subsequent to the measurement date	995	--
	<u>\$ 18,987</u>	<u>\$ 20,221</u>

Deferred outflows of resources related to OPEB of \$995 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, 2024. 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,

2024	\$ 2,860
2025	(1,583)
2026	(7,119)
2027	<u>3,613</u>
Total	<u>\$ (2,229)</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

### F. Actuarial methods and assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study report	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15.0%
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

### G. Discount rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 6.90 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, 2023

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.
- GASB 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 June 2021 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/2022-ACFR.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 6.90%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's net OPEB liability (asset)	\$ (133,324)	\$ (147,927)	\$ (160,445)

### Pension Plans Summary

Balances of the City's two pension plans are aggregated and displayed in the financial statements as follows:

	NERPS	Oregon PERS	Total
Deferred outflows of resources	\$ 4,686,902	\$ 4,138,538	\$ 8,825,440
Total pension liability	(15,497,252)	(9,196,402)	(24,693,654)
Deferred inflows of resources	(338,996)	(3,128,676)	(3,467,672)
Pension expense (income)	2,233,429	812,053	3,045,482

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### **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, 2022 measurement date there were 41 active members, 75 retired members who receive benefits, 34 vested terminated members, for a total membership of 150.

#### **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, 2023

### 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 ten employees. The City contributes amounts over 6% that are actuarially determined. Employer contributions for the year ended June 30, 2023 were \$1,528,639. 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 2.4%. As of the July 1, 2022 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, 2023, the City reported a net pension liability of \$15,497,252. The net pension liability was measured as of June 30, 2022, 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	\$ 38,901,984
Plan fiduciary net position	<u>23,404,732</u>
Net pension liability	<u>\$ 15,497,252</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	\$ 37,040,569	\$ 26,554,650	\$ 10,485,919
Changes for the year:			
Service cost	417,688	--	417,688
Interest on total pension liability	2,185,785	--	2,185,785
Effect of economic/demographic losses	1,217,734	--	1,217,734
Effect of assumption changes or inputs	76	--	76
Benefit payments	(1,959,868)	(1,959,868)	--
Administrative expenses	--	(101,457)	101,457
Member contributions	--	209,930	(209,930)
Net investment income	--	(2,800,847)	2,800,847
Employer contributions	--	1,502,324	(1,520,324)
Ending balances	<u>\$ 38,901,984</u>	<u>\$ 23,404,732</u>	<u>\$ 15,497,252</u>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### 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, 2023, the City recognized pension expense of \$2,233,429. At June 30, 2023, 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	\$ 912,073	\$ --
Changes of assumptions	588,433	338,996
Net difference between projected and actual earnings on pension plan investments	1,598,239	--
City's contributions subsequent to the measurement date	<u>1,588,157</u>	<u>--</u>
	<u>\$ 4,686,902</u>	<u>\$ 338,996</u>

\$1,588,157 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, 2024. 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,

2024	\$ 1,216,842
2025	484,748
2026	182,503
2027	875,656
2028	--
Thereafter	<u>--</u>
Total	<u>\$ 2,759,749</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, 2023

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

Valuation Date	June 30, 2022
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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.4 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	<p>Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale.</p> <p><u>Base rates</u></p> <p>Before benefit payment period PubG-2010 Employee, male and female</p> <p>During benefit payment period</p> <ul style="list-style-type: none"> <li>• Retirees- PubG -2010 Healthy Retiree base table, male and female</li> <li>• Contingent survivor – same as retirees above</li> </ul>

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 6.0 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 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 2107-08 fiscal year.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### 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	7.80%	6.35%	29.10%
US Equity - Mid Cap	8.35%	6.35%	3.33%
US Equity - Small Cap	8.70%	6.35%	1.64%
Non-US Equity	8.00%	6.35%	16.26%
U.S. Private Real Estate	6.65%	6.00%	10.49%
High Yield Bond	6.25%	5.80%	3.21%
Core Bond	4.15%	4.05%	35.97%
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 6.00 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 (5.00 percent) or 1-percentage-point higher (7.00 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	\$ 20,529,835	\$ 15,497,252	\$ 11,365,062

## **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>.

### 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).**

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### Pension Benefits

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003. 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 fair 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, 2023

### **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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022, and will be indexed with inflation each year.

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, 2019 actuarial valuation, which became effective July 1, 2021.

Tier 1/tier 2 employer contribution rates are 22.49 percent and the OPSRP employer contribution rates are 15.07 percent for general service employees and 19.43 percent for police and fire. Employer contributions for the year ended June 30, 2023 were \$1,338,591, 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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### Actuarial valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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.

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

At June 30, 2023, the City reported a liability of \$9,196,402 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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.

At June 30, 2022, the City's proportion was .06006007 percent, which was less than its proportion measured as of June 30, 2021 of .05809127 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$812,053. At June 30, 2023, 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	\$ 446,411	\$ 57,350
Changes of assumptions	1,442,965	13,183
Net difference between projected and actual earnings		
on pension plan investments	--	1,644,139
Changes in proportionate share	895,139	219,714
Difference between the City's contributions and employer's		
proportionate share of system contributions	15,432	1,194,290
Contributions subsequent to measurement date	<u>1,338,591</u>	<u>--</u>
	<u>\$ 4,138,538</u>	<u>\$ 3,128,676</u>

\$1,338,591 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, 2024. 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,	
2023	\$ 60,306
2024	(146,277)
2025	(808,667)
2026	624,149
2027	<u>(58,240)</u>
Total	<u>\$ (328,729)</u>

### Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

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.

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

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
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	Fair value of assets
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Investment rate of return	6.90 percent
Projected Salary Increases	3.40 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:  Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members:  Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees:  Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

#### Discount Rate

The discount rate used to measure the total pension liability was 6.90 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.

#### 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 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>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	2.5%	0.0%
Total			<u>100.0%</u>



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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>
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	75.00%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		2.40%

### 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
The City's proportionate share of net pension asset or liability	\$ 16,309,023	\$ 9,196,402	\$ 3,243,466

### Changes in Actuarial Methods and Assumptions

A summary of key changes implemented since the December 31, 2020 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the System, which was published in July 2021, and can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### **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, 2023 were \$442,587.

#### Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

#### **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, 2023, employees of the City had accumulated 5,232 days of sick leave.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

### 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	ARPA	Nonmajor Funds	Total
Fund balances							
Nonspendable:							
Inventory	\$ -	\$ 104,802	\$ -	\$ -	\$ -	\$ -	\$ 104,802
Prepaid asset	2,690	-	-	-	-	-	2,690
Restricted:							
Capital projects	-	-	-	-	-	5,807,332	5,807,332
Debt service	-	-	-	-	-	14,894	14,894
911 center operations	-	-	-	-	-	231,364	231,364
Police services	-	-	-	-	-	179,104	179,104
Tourism	-	-	-	-	-	2,367	2,367
Street maintenance	-	1,062,199	-	-	-	-	1,062,199
Building inspection	-	-	3,473,900	-	-	-	3,473,900
Library services	-	-	-	-	-	20,945	20,945
Affordable housing	-	-	-	-	-	1,581,992	1,581,992
Committed:							
Capital projects	-	-	-	954,895	-	-	954,895
Economic development	-	-	-	-	-	695,785	695,785
Unassigned	5,382,773	-	-	-	-	-	5,382,773
Total fund balances	<u>\$ 5,385,463</u>	<u>\$ 1,167,001</u>	<u>\$ 3,473,900</u>	<u>\$ 954,895</u>	<u>\$ -</u>	<u>\$ 8,533,783</u>	<u>\$ 19,515,042</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 \$ 5,749,309

Public Safety – Ordinances imposing Public Safety related fees restrict the use of resources to specific public safety services and equipment replacement 410,468

Transient Lodging Tax – Ordinances imposing transient lodging tax restrict the use of these resources to tourism related expenditures 2,367

#### 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 13,469,718

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

#### **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.

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.

#### **Tax Abatements**

As of June 30, 2023, 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 2022 utilized this specific abatement, with a total tax abatement of \$9,803.

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 2022, the City abated no property taxes under this program.

#### **Subsequent Events**

In January of 2024 the City Hall building experienced a burst pipe in the third floor fire suppression system related to the below freezing weather. This resulted in significant flood damage to all three floors of the building as well as long term displacement of the staff working there. City management will spend much of the 2024 calendar year navigating the long-winded insurance process with the expectation of recovering much of the costs associated with the event.

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2023

#### **Prior Period Adjustments**

During the fiscal year ended June 30, 2022, the City received passthrough ARPA funds from Yamhill County in the amount of \$518,500 as well as another from the State of Oregon in the amount of \$400,000. The entirety of these funds was booked as revenues in that fiscal year. The remaining unspent funds as of June 30, 2022 were \$518,331 and 192,923, respectively. These unspent funds should have been reported as unearned revenue, creating the need to book prior period adjustments. The beginning balance of net position was restated through a prior period adjustment to reflect the adjusted prior year balance of the revenue deferrals. The net effect of this restatement resulted in decreases to beginning net position in the governmental activities and Wastewater Fund of \$192,923 and \$518,331, 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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Beginning of year									
Total pension liability	\$ 37,040,569	\$ 35,360,717	\$ 35,243,654	\$ 34,266,068	\$ 33,053,684	\$ 32,356,633	\$ 32,458,220	\$ 28,122,255	\$ 27,296,697
Fiduciary net position	<u>26,554,650</u>	<u>22,107,219</u>	<u>21,488,934</u>	<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>	<u>16,452,510</u>
Net pension liability	<u>\$ 10,485,919</u>	<u>\$ 13,253,498</u>	<u>\$ 13,754,720</u>	<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>	<u>\$ 10,844,187</u>
Changes in total pension liability									
Service cost	\$ 417,688	\$ 446,745	\$ 475,281	\$ 628,881	\$ 632,876	\$ 629,785	\$ 596,760	\$ 463,867	\$ 488,383
Interest on total pension liability	2,185,785	2,088,216	2,086,522	1,982,599	1,920,671	1,923,387	1,809,084	1,734,658	1,612,016
Effect of economic/demographic losses	1,217,734	940,216	(407,371)	581,632	461,001	(582,105)	487,034	22,573	995,297
Effect of assumption changes or inputs	76	78,580	(247,870)	(300,310)	(73,732)	276,798	(1,474,389)	3,539,377	(885,385)
Benefit payments	<u>(1,959,868)</u>	<u>(1,873,905)</u>	<u>(1,789,499)</u>	<u>(1,915,216)</u>	<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>\$ 1,861,415</u>	<u>\$ 1,679,852</u>	<u>\$ 117,063</u>	<u>\$ 977,586</u>	<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	\$ 1,502,324	\$ 1,470,917	\$ 1,379,911	\$ 1,377,490	\$ 1,304,250	\$ 1,185,084	\$ 906,400	\$ 834,895	\$ 747,915
Member contributions	209,930	209,337	225,207	228,135	235,670	226,267	224,049	201,880	202,249
Investment income net of expenses	(2,800,847)	4,731,825	895,803	1,266,603	1,457,091	1,701,706	(7,049)	439,313	2,253,588
Benefit payments	(1,959,868)	(1,873,905)	(1,789,499)	(1,915,216)	(1,728,432)	(1,550,814)	(1,520,076)	(1,424,510)	(1,384,753)
Administrative expenses	<u>(101,457)</u>	<u>(90,743)</u>	<u>(93,137)</u>	<u>(97,007)</u>	<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>\$ (3,149,918)</u>	<u>\$ 4,447,431</u>	<u>\$ 618,285</u>	<u>\$ 860,005</u>	<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	\$ 38,901,984	\$ 37,040,569	\$ 35,360,717	\$ 35,243,654	\$ 34,266,068	\$ 33,053,684	\$ 32,356,633	\$ 32,458,220	\$ 28,122,255
Fiduciary net position	<u>23,404,732</u>	<u>26,554,650</u>	<u>22,107,219</u>	<u>21,488,934</u>	<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>\$ 15,497,252</u>	<u>\$ 10,485,919</u>	<u>\$ 13,253,498</u>	<u>\$ 13,754,720</u>	<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	60.16%	71.69%	62.52%	60.97%	60.20%	58.67%	55.22%	56.36%	64.97%
Covered payroll	3,185,040	3,095,221	3,465,278	3,610,638	\$ 3,719,762	\$ 3,644,950	\$ 3,572,891	\$ 3,182,471	\$ 3,059,807
Net pension liability as a percent of covered payroll	486.6%	338.8%	382.5%	380.9%	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,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,780,403	\$ 1,601,000	\$ 1,580,779	\$ 1,605,746	\$ 1,427,069	\$ 1,379,424	\$ 1,257,372	\$ 958,388	\$ 767,576
Actual employer contribution	1,643,822	1,496,149	1,470,917	1,379,911	1,377,490	1,304,250	1,185,084	906,400	834,895
Contribution deficiency (excess)	136,581	104,851	109,862	225,835	49,579	75,174	72,288	51,988	(67,319)
Covered payroll**	3,184,530	3,185,040	3,095,221	3,465,278	3,610,638	3,719,762	3,644,950	3,572,891	3,182,471
Contribution as a percent of covered payroll	51.62%	46.97%	47.52%	39.82%	38.15%	35.06%	32.51%	25.37%	26.23%
Valuation date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Assumed investment rate of return	6.00%	6.00%	6.00%	6.00%	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%	6.00%	6.00%	6.00%	6.00%	6.50%	6.50%	7.00%
Discount rate	6.00%	6.00%	6.00%	6.00%	5.84%	5.86%	5.98%	5.61%	6.23%
Cost of living increases	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Salary increases	4.50%	4.50%	4.50%	4.50%	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 2022 and 2019 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>
2023	7.23%
2022	-10.49%
2021	21.47%
2020	4.20%
2019	6.19%
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\***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the collective net pension liability (asset)	0.0600601%	0.0580913%	0.0589316%	0.0511432%	0.0461491%	0.0788987%	0.0832642%	0.0897722%	0.0837003%
Proportionate share of the collective net pension liability (asset)	\$ 9,196,402	\$ 6,951,044	\$ 12,860,909	\$ 8,846,544	\$ 6,990,978	\$ 10,635,572	\$ 12,499,882	\$ 5,154,234	\$ (1,897,247)
Covered payroll	\$ 6,981,916	\$ 6,473,569	\$ 6,399,487	\$ 5,781,331	\$ 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	131.717%	107.376%	200.968%	153.019%	138.510%	217.674%	186.349%	79.306%	-29.846%
Pension plan's fiduciary net position as a percentage of the total pension liability	84.546%	87.573%	75.790%	80.232%	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 EMPLOYER CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Years Ended June 30, \***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,338,591	\$ 1,232,771	\$ 1,106,334	\$ 1,065,923	\$ 906,710	\$ 822,914	\$ 605,250	\$ 841,895	\$ 835,001
Contractually required contributions recognized by the pension plan	1,338,591	1,232,771	1,106,334	1,065,923	906,710	822,914	605,250	841,895	835,001
Difference	-	-	-	-	-	-	-	-	-
Covered payroll	8,168,569	6,981,916	6,473,569	6,399,487	5,781,331	5,047,287	4,886,012	6,707,765	6,499,152
Contractually required contributions as a percentage of covered payroll	16.38709%	17.65663%	17.09002%	16.65638%	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\***

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability</b>						
Service cost	\$ 51,773	\$ 50,325	\$ 70,202	\$ 63,022	\$ 61,357	\$ 64,551
Interest on total OPEB liability	15,188	14,573	34,722	34,460	30,187	24,107
Effect of economic/demographic gains or losses **	(112,867)	-	(395,137)	-	(13,276)	(51,156)
Effect of assumptions or inputs	(83,549)	2,508	7,393	26,774	2,516	-
Benefit payments	(19,387)	(30,775)	(29,043)	(30,583)	(39,786)	(34,234)
<b>Net change in OPEB liability</b>	(148,842)	36,631	(311,863)	93,673	40,998	3,268
<b>Total OPEB liability - beginning</b>	<u>661,008</u>	<u>624,377</u>	<u>936,240</u>	<u>842,567</u>	<u>801,569</u>	<u>798,301</u>
<b>Total OPEB liability - ending</b>	<u>\$ 512,166</u>	<u>\$ 661,008</u>	<u>\$ 624,377</u>	<u>\$ 936,240</u>	<u>\$ 842,567</u>	<u>\$ 801,569</u>
 <b>Covered employee payroll</b>	 10,166,956	 9,568,790	 9,864,765	 9,391,969	 8,767,049	 8,530,962
 <b>City's total OPEB liability as a percentage of covered employee payroll</b>	 5.04%	 6.91%	 6.33%	 9.97%	 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.

\*\* Police Union employees are covered under health insurance through the Northwest Firefighters Relief Association. Beginning in the June 30, 2020 measurement date, the OPEB related to these employees are being reported separately, whereas in prior years these employees were included in the CIS actuarial valuation.

**CITY OF NEWBERG**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY / (ASSET)**  
**NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION**  
**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-Employee Payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll
2022	3.4321%	\$ 856,244	\$ 2,860,147	29.94%
2021	3.5792%	803,552	2,584,733	31.09%
2020	3.5792%	757,290	2,739,504	27.64%

Notes to schedule

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

Police Union employees are covered under health insurance through the Northwest Firefighters Relief Association. Beginning in the June 30, 2020 measurement date, the OPEB related to these employees are being reported separately, whereas in prior years these employees were included in the CIS actuarial valuation.

\* 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\***

<u>Fiscal Year Ended</u>	<u>City's proportion of the net OPEB liability (asset)</u>	<u>City's proportionate share of the net OPEB liability (asset)</u>	<u>Covered Payroll</u>	<u>City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability (asset)</u>
2022	0.04163025%	\$ (147,927)	\$ 6,981,916	-2.12%	194.66%
2021	0.05204032%	(178,707)	6,473,569	-2.76%	183.86%
2020	0.05397329%	(109,976)	6,399,487	-1.72%	150.07%
2019	0.05402873%	(104,403)	5,781,331	-1.81%	144.36%
2018	0.04981126%	(55,603)	5,047,287	-1.10%	124.00%
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,\***

<u>Fiscal Year Ended</u>	<u>Contractually determined contribution</u>	<u>Contributions in relation to the actuarially required contribution</u>	<u>Contribution Deficiency (excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a percent of covered payroll</u>
2023	\$ 995	\$ 995	-	\$ 8,168,569	0.01%
2022	1,026	1,026	-	6,981,916	0.01%
2021	1,392	1,392	-	6,473,569	0.02%
2020	3,854	3,854	-	6,399,487	0.06%
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.

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**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, 2023

	Budget			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Intergovernmental	\$ 700,000	\$ 700,000	\$ 834,903	\$ 134,903
Interest	1,000	1,000	14,725	13,725
Total revenues	701,000	701,000	849,628	148,628
<u>Expenditures</u>				
Capital outlay	4,990,970	5,640,193	6,015,276	(375,083)
Total expenditures	4,990,970	5,640,193	6,015,276	(375,083)
Excess (deficiency) of revenues over expenditures	(4,289,970)	(4,939,193)	(5,165,648)	(226,455)
<u>Other financing sources (uses)</u>				
Transfers in	4,151,970	5,021,799	5,822,094	800,295
Total other financing sources (uses)	4,151,970	5,021,799	5,822,094	800,295
Net change in fund balance	(138,000)	82,606	656,446	573,840
Fund balance, July 01, 2022	1,519,055	298,449	298,449	-
Fund balance, June 30, 2023	\$ 1,381,055	\$ 381,055	\$ 954,895	\$ 573,840

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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, 2023

	Special Revenue	Debt Service	Capital Projects	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,526,168	\$ 14,894	\$ 5,829,873	\$ 8,370,935
Receivables:				
Accounts	635,165	-	-	635,165
Loans	12,500	-	84,095	96,595
Assessments	-	-	29,682	29,682
Taxes	-	1,554	-	1,554
<b>Total assets</b>	<b>\$ 3,173,833</b>	<b>\$ 16,448</b>	<b>\$ 5,943,650</b>	<b>\$ 9,133,931</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 197,751	\$ -	\$ 22,541	\$ 220,292
Due to other funds	252,025	-	-	252,025
<b>Total liabilities</b>	<b>449,776</b>	<b>-</b>	<b>22,541</b>	<b>472,317</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	1,554	-	1,554
Unavailable revenue-loans	12,500	-	-	12,500
Unavailable revenue-sdc notes	-	-	84,095	84,095
Unavailable revenue-special assessments	-	-	29,682	29,682
<b>Total deferred inflows of resources</b>	<b>12,500</b>	<b>1,554</b>	<b>113,777</b>	<b>127,831</b>
<b>FUND BALANCES</b>				
Restricted	2,015,772	14,894	5,807,332	7,837,998
Committed	695,785	-	-	695,785
<b>Total fund balances</b>	<b>2,711,557</b>	<b>14,894</b>	<b>5,807,332</b>	<b>8,533,783</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,173,833</b>	<b>\$ 16,448</b>	<b>\$ 5,943,650</b>	<b>\$ 9,133,931</b>



# City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Totals
<u>Revenues</u>				
Property taxes	\$ -	\$ 256	\$ -	\$ 256
Other taxes	2,170,346	-	-	2,170,346
Licenses and permits	32,597	-	-	32,597
Intergovernmental	587,573	142,916	-	730,489
Charges for services	748,803	-	1,491,544	2,240,347
Fines and forfeitures	5,958	-	-	5,958
Pension bond charge	-	319,770	-	319,770
Assessments	-	-	953	953
Donations	73,175	-	-	73,175
Interest	42,629	2,635	116,399	161,663
Miscellaneous	14,316	-	-	14,316
<b>Total revenues</b>	<b>3,675,397</b>	<b>465,577</b>	<b>1,608,896</b>	<b>5,749,870</b>
<u>Expenditures</u>				
Current:				
General government	491,806	-	-	491,806
Public safety	1,143,085	-	-	1,143,085
Library	87,069	-	-	87,069
Community development	155,274	-	-	155,274
Debt service:				
Principal	-	633,712	-	633,712
Interest	-	190,165	-	190,165
<b>Total expenditures</b>	<b>1,877,234</b>	<b>823,877</b>	<b>-</b>	<b>2,701,111</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,798,163</b>	<b>(358,300)</b>	<b>1,608,896</b>	<b>3,048,759</b>
<u>Other financing sources (uses)</u>				
Transfers in	-	372,575	-	372,575
Transfers out	(909,746)	-	(2,418,524)	(3,328,270)
<b>Total other financing sources (uses)</b>	<b>(909,746)</b>	<b>372,575</b>	<b>(2,418,524)</b>	<b>(2,955,695)</b>
<b>Net change in fund balances</b>	<b>888,417</b>	<b>14,275</b>	<b>(809,628)</b>	<b>93,064</b>
<b>Fund balances, July 1, 2022</b>	<b>1,823,140</b>	<b>619</b>	<b>6,616,960</b>	<b>8,440,719</b>
<b>Fund balances, June 30, 2023</b>	<b>\$ 2,711,557</b>	<b>\$ 14,894</b>	<b>\$ 5,807,332</b>	<b>\$ 8,533,783</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
- Library Gift and Memorial
- Public Safety Fee
- Transient Lodging Tax

**City of Newberg, Oregon**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2023

	Economic Development	911 Emergency	Civil Forfeiture	Library Gift and Memorial	Public Safety Fee	Transient Lodging Tax	Totals
<u>ASSETS</u>							
Cash and cash equivalents	\$ 2,278,252	\$ 117,471	\$ 6,706	\$ 26,121	\$ 97,618	\$ -	\$ 2,526,168
Receivables:							
Accounts	71,788	113,893	-	-	74,780	374,704	635,165
Loans	12,500	-	-	-	-	-	12,500
Prepays	-	-	-	-	-	-	-
Total assets	\$ 2,362,540	\$ 231,364	\$ 6,706	\$ 26,121	\$ 172,398	\$ 374,704	\$ 3,173,833
<u>LIABILITIES</u>							
Accounts payable	\$ 72,263	\$ -	\$ -	\$ 5,176	\$ -	\$ 120,312	\$ 197,751
Due to other funds	-	-	-	-	-	252,025	252,025
Total liabilities	72,263	-	-	5,176	-	372,337	449,776
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue-loans	12,500	-	-	-	-	-	12,500
Total deferred inflows of resources	12,500	-	-	-	-	-	12,500
<u>FUND BALANCES</u>							
Restricted	1,581,992	231,364	6,706	20,945	172,398	2,367	2,015,772
Committed	695,785	-	-	-	-	-	695,785
Total fund balances	2,277,777	231,364	6,706	20,945	172,398	2,367	2,711,557
Total liabilities, deferred inflows of resources and fund balances	\$ 2,362,540	\$ 231,364	\$ 6,706	\$ 26,121	\$ 172,398	\$ 374,704	\$ 3,173,833

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2023

	Economic Development	911 Emergency	Civil Forfeiture	Library Gift and Memorial	Public Safety Fee	Transient Lodging Tax	Totals
<u>Revenues</u>							
Other taxes	\$ 768,246	\$ -	\$ -	\$ -	\$ -	\$ 1,402,100	\$ 2,170,346
Licenses and permits	32,597	-	-	-	-	-	32,597
Intergovernmental	132,649	432,842	-	22,082	-	-	587,573
Charges for services	-	-	-	-	748,803	-	748,803
Fines and forfeitures	-	-	5,958	-	-	-	5,958
Donations	-	-	-	73,175	-	-	73,175
Interest	35,820	2,973	93	754	2,488	501	42,629
Miscellaneous	12,788	-	-	1,107	-	421	14,316
<b>Total revenues</b>	<b>982,100</b>	<b>435,815</b>	<b>6,051</b>	<b>97,118</b>	<b>751,291</b>	<b>1,403,022</b>	<b>3,675,397</b>
<u>Expenditures</u>							
Current:							
General government	-	-	-	-	-	491,806	491,806
Public safety	-	478,852	212	-	664,021	-	1,143,085
Library	-	-	-	87,069	-	-	87,069
Community development	155,274	-	-	-	-	-	155,274
<b>Total expenditures</b>	<b>155,274</b>	<b>478,852</b>	<b>212</b>	<b>87,069</b>	<b>664,021</b>	<b>491,806</b>	<b>1,877,234</b>
Excess (deficiency) of revenues over expenditures	826,826	(43,037)	5,839	10,049	87,270	911,216	1,798,163
<u>Other financing sources (uses)</u>							
Transfers out	-	-	-	-	-	(909,746)	(909,746)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(909,746)</b>	<b>(909,746)</b>
Net change in fund balances	826,826	(43,037)	5,839	10,049	87,270	1,470	888,417
Fund balances, July 1, 2022	1,450,951	274,401	867	10,896	85,128	897	1,823,140
<b>Fund balances, June 30, 2023</b>	<b>\$ 2,277,777</b>	<b>\$ 231,364</b>	<b>\$ 6,706</b>	<b>\$ 20,945</b>	<b>\$ 172,398</b>	<b>\$ 2,367</b>	<b>\$ 2,711,557</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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Other taxes	\$ 500,000	\$ 500,000	\$ 768,246	\$ 268,246
Licenses and permits	45,300	45,300	32,597	(12,703)
Intergovernmental	415,000	415,000	132,649	(282,351)
Loan collections - interest	5,400	5,400	-	(5,400)
Interest	5,000	5,000	35,820	30,820
Miscellaneous	-	-	12,788	12,788
<b>Total revenues</b>	<b>970,700</b>	<b>970,700</b>	<b>982,100</b>	<b>11,400</b>
<u>Expenditures</u>				
Planning	193,434	193,434	12,625	180,809
Contingency	369,963	370,881	-	370,881
<b>Total expenditures</b>	<b>563,397</b>	<b>564,315</b>	<b>12,625</b>	<b>551,690</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>407,303</b>	<b>406,385</b>	<b>969,475</b>	<b>563,090</b>
<u>Other financing sources (uses)</u>				
Special payments - loans	(534,212)	(534,212)	-	534,212
Special payments - grants	(431,755)	(431,755)	(142,649)	289,106
Special payments - other	(1,015,090)	(1,015,090)	-	1,015,090
Transfers in	123,721	123,721	-	(123,721)
<b>Total other financing sources (uses)</b>	<b>(1,857,336)</b>	<b>(1,857,336)</b>	<b>(142,649)</b>	<b>1,714,687</b>
<b>Net change in fund balance</b>	<b>(1,450,033)</b>	<b>(1,450,951)</b>	<b>826,826</b>	<b>2,277,777</b>
Fund balance, July 01, 2022	1,450,033	1,450,951	1,450,951	-
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,277,777</b>	<b>\$ 2,277,777</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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Intergovernmental	\$ 306,500	\$ 306,500	\$ 432,842	\$ 126,342
Interest	-	-	2,973	2,973
Miscellaneous	4,946	4,946	-	(4,946)
Total revenues	311,446	311,446	435,815	124,369
<u>Expenditures</u>				
Communications	396,292	496,292	478,852	17,440
Contingency	1,260	89,555	-	89,555
Total expenditures	397,552	585,847	478,852	106,995
Net change in fund balance	(86,106)	(274,401)	(43,037)	231,364
Fund balance, July 01, 2022	86,106	274,401	274,401	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 231,364	\$ 231,364

## 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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Forfeitures	\$ 50	\$ 4,179	\$ 5,958	\$ 1,779
Interest	7	7	93	86
Total revenues	57	4,186	6,051	1,865
<u>Expenditures</u>				
Police	482	5,053	212	4,841
Total expenditures	482	5,053	212	4,841
Net change in fund balance	(425)	(867)	5,839	6,706
Fund balance, July 01, 2022	425	867	867	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 6,706	\$ 6,706



# 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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 22,082	\$ 18,082
Donations	44,267	73,267	73,175	(92)
Interest	300	300	754	454
Miscellaneous	-	-	1,107	1,107
<b>Total revenues</b>	<b>48,567</b>	<b>77,567</b>	<b>97,118</b>	<b>19,551</b>
<u>Expenditures</u>				
Library	58,267	87,267	87,069	198
Contingency	12,660	1,196	-	1,196
<b>Total expenditures</b>	<b>70,927</b>	<b>88,463</b>	<b>87,069</b>	<b>1,394</b>
Net change in fund balance	(22,360)	(10,896)	10,049	20,945
Fund balance, July 01, 2022	22,360	10,896	10,896	-
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,945</b>	<b>\$ 20,945</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 724,115	\$ 724,115	\$ 748,803	\$ 24,688
Interest	150	150	2,488	2,338
Total revenues	724,265	724,265	751,291	27,026
<u>Expenditures</u>				
Police	442,410	442,410	380,490	61,920
Communications	273,360	293,360	283,531	9,829
Contingency	25,456	73,623	-	73,623
Total expenditures	741,226	809,393	664,021	145,372
Net change in fund balance	(16,961)	(85,128)	87,270	172,398
Fund balance, July 01, 2022	16,961	85,128	85,128	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 172,398	\$ 172,398

# 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, 2023

	Budget			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Other taxes	\$ 858,591	\$ 1,558,591	\$ 1,402,100	\$ (156,491)
Interest	258	258	501	243
Miscellaneous revenues	-	-	421	421
Total revenues	858,849	1,558,849	1,403,022	(155,827)
<u>Expenditures</u>				
General government	301,340	546,807	491,806	55,001
Contingency	849	897	-	897
Total expenditures	302,189	547,704	491,806	55,898
Excess (deficiency) of revenues over expenditures	556,660	1,011,145	911,216	(99,929)
<u>Other financing sources (uses)</u>				
Transfers out	(557,509)	(1,012,042)	(909,746)	102,296
Total other financing sources (uses)	(557,509)	(1,012,042)	(909,746)	102,296
Net change in fund balance	(849)	(897)	1,470	2,367
Fund balance, July 01, 2022	849	897	897	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 2,367	\$ 2,367

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## **DEBT SERVICE FUND**

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

- Debt Service

# 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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Property taxes	\$ 200	\$ 200	\$ 256	\$ 56
Intergovernmental	142,916	142,916	142,916	-
Pension bond charge	308,386	308,386	319,770	11,384
Interest	300	22	2,635	2,613
<b>Total revenues</b>	<b>451,802</b>	<b>451,524</b>	<b>465,577</b>	<b>14,053</b>
<u>Expenditures</u>				
Debt service				
Principal	633,712	633,712	633,712	-
Interest	190,165	190,165	190,165	-
<b>Total expenditures</b>	<b>823,877</b>	<b>823,877</b>	<b>823,877</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(372,075)</b>	<b>(372,353)</b>	<b>(358,300)</b>	<b>14,053</b>
<u>Other financing sources (uses)</u>				
Transfers in	372,575	372,575	372,575	-
<b>Total other financing sources (uses)</b>	<b>372,575</b>	<b>372,575</b>	<b>372,575</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>500</b>	<b>222</b>	<b>14,275</b>	<b>14,053</b>
Fund balance, July 01, 2022	341	619	619	-
<b>Fund balance, June 30, 2023</b>	<b>\$ 841</b>	<b>\$ 841</b>	<b>\$ 14,894</b>	<b>\$ 14,053</b>

## **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, 2023

	Street System Development	Governmental Capital Projects	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,636,047	\$ 193,826	\$ 5,829,873
Receivables:			
Loans	84,095	-	84,095
Assessments	29,682	-	29,682
Total assets	\$ 5,749,824	\$ 193,826	\$ 5,943,650
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 22,541	\$ 22,541
Total liabilities	-	22,541	22,541
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue-system development charge notes	84,095	-	84,095
Unavailable revenue-special assessments	29,682	-	29,682
Total deferred inflows of resources	113,777	-	113,777
<u>FUND BALANCES</u>			
Restricted	5,636,047	171,285	5,807,332
Total fund balances	5,636,047	171,285	5,807,332
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,749,824	\$ 193,826	\$ 5,943,650



# City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	Street System Development	Governmental Capital Projects	Totals
<u>Revenues</u>			
Charges for services	\$ 1,491,544	\$ -	\$ 1,491,544
Assessments	953	-	953
Interest	116,399	-	116,399
Total revenues	1,608,896	-	1,608,896
<u>Expenditures</u>			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	1,608,896	-	1,608,896
<u>Other financing sources (uses)</u>			
Transfers out	(2,418,524)	-	(2,418,524)
Total other financing sources (uses)	(2,418,524)	-	(2,418,524)
Net change in fund balances	(809,628)	-	(809,628)
Fund balances, July 1, 2022	6,445,675	171,285	6,616,960
Fund balances, June 30, 2023	\$ 5,636,047	\$ 171,285	\$ 5,807,332

# 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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 3,000,000	\$ 3,000,000	\$ 1,491,544	\$ (1,508,456)
Assessments	25,000	25,000	953	(24,047)
Interest	20,600	20,600	116,399	95,799
Total revenues	3,045,600	3,045,600	1,608,896	(1,436,704)
<u>Expenditures</u>				
Contingency	5,223,409	6,705,764	-	6,705,764
Total expenditures	5,223,409	6,705,764	-	6,705,764
Excess (deficiency) of revenues over expenditures	(2,177,809)	(3,660,164)	1,608,896	5,269,060
<u>Other financing sources (uses)</u>				
Transfers out	(2,069,200)	(2,785,511)	(2,418,524)	366,987
Total other financing sources (uses)	(2,069,200)	(2,785,511)	(2,418,524)	366,987
Net change in fund balance	(4,247,009)	(6,445,675)	(809,628)	5,636,047
Fund balance, July 01, 2022	4,247,009	6,445,675	6,445,675	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 5,636,047	\$ 5,636,047

## 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, 2023

	Budget		Actual	Variance
	Original	Final		
<u>Expenditures</u>				
Capital outlay	\$ 55,324	\$ 171,285	\$ -	\$ 171,285
Total expenditures	55,324	171,285	-	171,285
Net change in fund balance	(55,324)	(171,285)	-	171,285
Fund balance, July 01, 2022	55,324	171,285	171,285	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 171,285	\$ 171,285

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## **PROPRIETARY FUNDS**

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

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

#### Other

Proprietary Capital Projects

#### 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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Charges for services	\$ 7,007,508	\$ 7,007,508	\$ 7,182,812	\$ 175,304
Interest	61,000	61,000	138,325	77,325
Miscellaneous	17,000	17,000	51,636	34,636
<b>Total revenues</b>	<b>7,085,508</b>	<b>7,085,508</b>	<b>7,372,773</b>	<b>287,265</b>
<u>Expenditures</u>				
Public works	5,102,087	5,102,087	4,839,198	262,889
Debt service:				
Principal	400,783	400,783	400,783	-
Interest	12,250	12,250	12,250	-
Contingency	5,739,571	7,043,954	-	7,043,954
<b>Total expenditures</b>	<b>11,254,691</b>	<b>12,559,074</b>	<b>5,252,231</b>	<b>7,306,843</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,169,183)</b>	<b>(5,473,566)</b>	<b>2,120,542</b>	<b>7,594,108</b>
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	1,673	1,673
Transfers Out	(10,327,477)	(10,327,477)	(4,438,735)	5,888,742
<b>Total other financing sources (uses)</b>	<b>(10,327,477)</b>	<b>(10,327,477)</b>	<b>(4,437,062)</b>	<b>5,890,415</b>
<b>Net change in fund balance</b>	<b>(14,496,660)</b>	<b>(15,801,043)</b>	<b>(2,316,520)</b>	<b>13,484,523</b>
Fund balance, July 1, 2022	14,496,660	15,801,043	15,801,043	-
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,484,523</b>	<b>\$ 13,484,523</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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Development fees	\$ 1,500,000	\$ 1,500,000	\$ 668,645	\$ (831,355)
Assessments	1,000	1,000	-	(1,000)
Interest	600	600	4,722	4,122
Total revenues	1,501,600	1,501,600	673,367	(828,233)
<u>Expenditures</u>				
Debt service:				
Principal	697,458	697,458	697,458	-
Interest	103,317	103,317	103,317	-
Contingency	984,232	1,147,086	-	1,147,086
Total expenditures	1,785,007	1,947,861	800,775	1,147,086
Excess (deficiency) of revenues over expenditures	(283,407)	(446,261)	(127,408)	318,853
Net change in fund balance	(283,407)	(446,261)	(127,408)	318,853
Fund balance, July 1, 2022	283,407	446,261	446,261	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 318,853	\$ 318,853

# City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Charges for services	\$ 9,751,241	\$ 9,751,241	\$ 10,250,645	\$ 499,404
Grant	-	-	150,000	150,000
Interest	50,000	50,000	253,018	203,018
Miscellaneous	1,500	1,500	7,053	5,553
Total revenues	9,802,741	9,802,741	10,660,716	857,975
<u>Expenditures</u>				
Public works	7,037,930	7,037,930	6,394,627	643,303
Debt service:				
Principal	1,281,138	1,281,138	1,281,138	-
Interest	367,794	367,794	367,794	-
Contingency	6,376,239	12,694,869	-	12,694,869
Total expenditures	15,063,101	21,381,731	8,043,559	13,338,172
Excess (deficiency) of revenues over expenditures	(5,260,360)	(11,578,990)	2,617,157	14,196,147
<u>Other financing sources (uses)</u>				
Special payments - loans	(50,000)	(50,000)	-	50,000
Sale of capital assets	-	-	5	5
Transfers out	(2,800,695)	(2,800,695)	(687,268)	2,113,427
Total other financing sources (uses)	(2,850,695)	(2,850,695)	(687,263)	2,163,432
Net change in fund balance	(8,111,055)	(14,429,685)	1,929,894	16,359,579
Fund balance, July 1, 2022	8,111,055	14,429,685	14,429,685	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 16,359,579	\$ 16,359,579

### Reconciliation to generally accepted accounting principles

Unearned Revenue	(317,631)
	<u>\$ 16,041,948</u>



## 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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Development fees	\$ 3,000,000	\$ 3,000,000	\$ 2,293,662	\$ (706,338)
Assessments	-	-	-	-
Interest	35,000	35,000	218,225	183,225
Total revenues	3,035,000	3,035,000	2,511,887	(523,113)
<u>Expenditures</u>				
Debt service:				
Principal	150,023	150,023	150,023	-
Interest	60,567	60,567	60,567	-
Contingency	9,524,691	10,575,595	-	10,575,595
Total expenditures	9,735,281	10,786,185	210,590	10,575,595
Excess (deficiency) of revenues over expenditures	(6,700,281)	(7,751,185)	2,301,297	10,052,482
<u>Other financing sources (uses)</u>				
Transfers out	(2,654,850)	(2,654,850)	(53,495)	2,601,355
Total other financing sources (uses)	(2,654,850)	(2,654,850)	(53,495)	2,601,355
Net change in fund balance	(9,355,131)	(10,406,035)	2,247,802	12,653,837
Fund balance, July 1, 2022	9,355,131	10,406,035	10,406,035	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 12,653,837	\$ 12,653,837

# City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Charges for services	\$ 2,350,801	\$ 2,350,801	\$ 2,346,171	\$ (4,630)
Interest	5,000	5,000	53,647	48,647
Miscellaneous	-	-	11	11
Total revenues	2,355,801	2,355,801	2,399,829	44,028
<u>Expenditures</u>				
Public works	1,875,036	1,895,036	1,754,429	140,607
Contingency	509,519	2,528,846	-	2,528,846
Total expenditures	2,384,555	4,423,882	1,754,429	2,669,453
Excess (deficiency) of revenues over expenditures	(28,754)	(2,068,081)	645,400	2,713,481
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	4,255	4,255
Transfers out	(1,090,696)	(1,090,696)	(333,004)	757,692
Total other financing sources (uses)	(1,090,696)	(1,090,696)	(328,749)	761,947
Net change in fund balance	(1,119,450)	(3,158,777)	316,651	3,475,428
Fund balance, July 1, 2022	1,119,450	3,158,777	3,158,777	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ 3,475,428	\$ 3,475,428

## 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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Development fees	\$ 140,000	\$ 140,000	\$ 72,992	\$ (67,008)
Assessments	-	-	-	-
Interest	1,000	1,000	6,399	5,399
Total revenues	141,000	141,000	79,391	(61,609)
<u>Expenditures</u>				
Contingency	365,308	410,017	-	410,017
Total expenditures	365,308	410,017	-	410,017
Excess (deficiency) of revenues over expenditures	(224,308)	(269,017)	79,391	348,408
<u>Other financing sources (uses)</u>				
Transfers out	(75,475)	(75,475)	(75,475)	-
Total other financing sources (uses)	(75,475)	(75,475)	(75,475)	-
Net change in fund balance	(299,783)	(344,492)	3,916	348,408
Fund balance, July 1, 2022	314,017	358,726	358,726	-
Fund balance, June 30, 2023	\$ 14,234	\$ 14,234	\$ 362,642	\$ 348,408

# 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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
<u>Revenues</u>				
Grant	\$ 449,600	\$ 449,600	\$ -	\$ (449,600)
Total revenues	449,600	449,600	-	(449,600)
<u>Expenditures</u>				
Capital outlay	17,398,793	17,398,793	5,587,977	11,810,816
Total expenditures	17,398,793	17,398,793	5,587,977	11,810,816
Excess (deficiency) of revenues over expenditures	(16,949,193)	(16,949,193)	(5,587,977)	11,361,216
<u>Other financing sources (uses)</u>				
Transfers in	16,949,193	16,949,193	5,587,977	(11,361,216)
Total other financing sources (uses)	16,949,193	16,949,193	5,587,977	(11,361,216)
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2022	-	-	-	-
Fund balance, June 30, 2023	\$ -	\$ -	\$ -	\$ -

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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, 2023

Fund	Water		Wastewater	
	Revenues	Expenditures	Revenues	Expenditures
Water	\$ 7,372,773	\$ 5,252,231	\$ -	\$ -
Water System Development	673,367	800,775	-	-
Wastewater	-	-	10,660,716	8,043,559
Wastewater System Development	-	-	2,511,887	210,590
Stormwater	-	-	-	-
Stormwater System Development	-	-	-	-
Proprietary Capital Projects	-	4,438,735	-	740,763
Total revenues and expenditures (budgetary basis)	8,046,140	10,491,741	13,172,603	8,994,912
<u>Adjustments</u>				
Depreciation	-	1,478,691	-	3,031,243
Contributed capital	(668,645)	-	(2,293,662)	-
Gain on sale of capital assets	11,173	-	9,505	-
Principal payments	-	(1,098,241)	-	(1,431,161)
Interest accrual	-	(32,543)	-	(48,911)
Assessment receivable collections	-	-	-	-
Expenditures capitalized	-	(4,256,505)	-	(987,420)
Change in compensated absences	-	14,190	-	29,311
Change in unavailable revenue	(2,351)	-	201,267	-
Change in pension related activities	-	154,003	-	218,964
Change in other postemployment benefit related activities	-	5,645	-	8,181
Total revenues and expenses (accrual basis)	7,386,317	6,756,981	11,089,713	9,815,119
Net income (loss) before contributions and transfers		<u>\$ 629,336</u>		<u>\$ 1,274,594</u>

Stormwater		Totals	
Revenues	Expenditures	Revenues	Expenditures
\$ -	\$ -	\$ 7,372,773	\$ 5,252,231
-	-	673,367	800,775
-	-	10,660,716	8,043,559
-	-	2,511,887	210,590
2,399,829	1,754,429	2,399,829	1,754,429
79,391	-	79,391	-
-	408,479	-	5,587,977
2,479,220	2,162,908	23,697,963	21,649,561
-	423,983	-	4,933,917
(72,992)	-	(3,035,299)	-
10,219	-	30,897	-
-	-	-	(2,529,402)
-	-	-	(81,454)
-	-	-	-
-	(521,835)	-	(5,765,760)
-	6,485	-	49,986
-	-	198,916	-
-	(37,157)	-	335,810
-	3,086	-	16,912
2,416,447	2,037,470	20,892,477	18,609,570
	<u>\$ 378,977</u>		<u>\$ 2,282,907</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

### 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, 2023

	Administrative Support Services
<u>ASSETS</u>	
<u>Current assets</u>	
Cash and investments	\$ 2,224,649
Inventory	25,699
Total current assets	2,250,348
<u>Noncurrent assets</u>	
Other postemployment benefits asset	24,988
Capital assets, net of depreciation	950,911
Total noncurrent assets	975,899
Total assets	3,226,247
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	1,599,512
Other post-employment benefit related items	79,392
Total deferred outflows of resources	1,678,904
<u>LIABILITIES</u>	
<u>Current liabilities</u>	
Accounts payable	329,504
Utility Billing Assistance Donation Payable	4,524
Payroll payables	710,643
Compensated absences	225,306
Total current liabilities	1,269,977
<u>Long-term obligations</u>	
Net pension liability	4,912,926
Other postemployment benefits obligation	206,369
Total long-term obligations	5,119,295
Total liabilities	6,389,272
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	352,659
Other post-employment benefit related items	100,532
Total deferred inflows of resources	453,191
<u>NET POSITION</u>	
Net investment in capital assets	950,911
Unrestricted	(2,888,223)
Total net position	\$ (1,937,312)

## City of Newberg, Oregon

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

For the Year Ended June 30, 2023

	Administrative Support Services
<u>Operating revenues</u>	
Internal service charge	\$ 6,158,015
Charges for services	33,517
Miscellaneous	565,574
Total operating revenues	6,757,106
<u>Operating expenses</u>	
Personal services	3,268,021
Materials and services	2,986,374
Depreciation	193,501
Total operating expenses	6,447,896
Operating income (loss)	309,210
<u>Nonoperating revenues (expenses)</u>	
Interest	31,085
Total nonoperating revenues (expenses)	31,085
Income (loss) before transfers	340,295
Change in net position	340,295
Total net position, July 1, 2022	(2,277,607)
Total net position, June 30, 2023	\$ (1,937,312)

# City of Newberg, Oregon

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2023

	Administrative Support Services
<u>Cash flows from operating activities</u>	
Cash received from other funds	\$ 6,194,920
Cash paid to suppliers	(3,083,507)
Cash paid to employees	(3,139,370)
Other receipts	565,574
Net cash provided by operating activities	537,617
<u>Cash flows from capital and related financing activities</u>	
Purchase of capital assets	(156,374)
Net cash provided by (used in) capital and related financing activities	(156,374)
<u>Cash flows from investing activities</u>	
Interest received on investments	31,085
Net cash provided by investing activities	31,085
Net increase (decrease) in cash	412,328
Cash and investments, July 1, 2022	1,812,321
Cash and investments, June 30, 2023	\$ 2,224,649
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 309,210
<u>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</u>	
Depreciation and amortization	193,501
(Increase) decrease in OPEB related items	9,247
(Increase) decrease in accounts receivable	3,388
(Increase) decrease in prepaid expense	1,590
(Increase) decrease in inventory	(2,428)
Increase (decrease) in accounts payable	(95,795)
Increase (decrease) in utility billing assistance donation payable	(500)
Increase (decrease) in payroll payable	(214,824)
Increase (decrease) in compensated absences	48,379
Increase (decrease) in pension related items	285,849
Net cash provided by operating activities	\$ 537,617

# 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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Internal service charges	\$ 6,158,016	\$ 6,158,016	\$ 6,158,015	\$ (1)
Intergovernmental	10,450	10,450	19,369	8,919
Charges for services	15,000	15,000	14,148	(852)
Interest	5,000	5,000	31,085	26,085
Miscellaneous	-	-	565,574	565,574
<b>Total revenues</b>	<b>6,188,466</b>	<b>6,188,466</b>	<b>6,788,191</b>	<b>599,725</b>
<u>Expenditures</u>				
Departmental:				
City manager	922,772	842,313	794,163	48,150
Finance	1,516,201	1,516,201	1,665,817	(149,616)
Information services	1,523,090	1,523,090	1,315,081	208,009
Legal	803,599	786,972	682,519	104,453
Public works	819,804	889,804	982,581	(92,777)
Insurance	603,000	688,000	627,133	60,867
Contingency	315,802	426,866	-	426,866
<b>Total expenditures</b>	<b>6,504,268</b>	<b>6,673,246</b>	<b>6,067,294</b>	<b>605,952</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(315,802)</b>	<b>(484,780)</b>	<b>720,897</b>	<b>1,205,677</b>
 Net change in fund balance	 (315,802)	 (484,780)	 720,897	 1,205,677
Fund balance, July 1, 2022	315,802	484,780	484,780	-
<b>Fund balance, June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,205,677</b>	<b>\$ 1,205,677</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, 2023

Fund	Administrative Support Services	
	Revenues	Expenditures
Administrative Support Services	\$ 6,776,417	\$ 6,055,520
Total revenues and expenditures (budgetary basis)	6,776,417	6,055,520
Adjustments		
Depreciation	-	193,501
Expenditures capitalized	-	(156,374)
Change in compensated absences	-	48,379
Change in other postemployment benefit related items	-	9,247
Change in pension related items	-	285,849
Total revenues and expenses (accrual basis)	6,776,417	6,436,122
Net income before transfers		\$ 340,295

## **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, 2023

Levy Year	Taxes Uncollected July 1, 2021	Levy As Extended By Assessor	Discounts Allowed	Interest Charged	Cancellations and Adjustments	Interest and Tax Collected	Taxes Uncollected June 30, 2022
2022-23	\$ -	\$ 6,516,491	\$ (173,473)	\$ 2,304	\$ 3,695	\$ (6,201,469)	\$ 147,548
2021-22	136,495	-	(5)	3,930	(2,973)	(87,355)	50,092
2020-21	51,010	-	(1)	2,781	(1,412)	(20,006)	32,372
2019-20	26,982	-	1	3,301	(1,508)	(13,974)	14,802
2018-19	12,221	-	1	1,273	193	(8,512)	5,176
Prior to 2018	39,776	-	2	3,156	2,380	(7,314)	38,000
<b>Totals</b>	<b>\$ 266,484</b>	<b>\$ 6,516,491</b>	<b>\$ (173,475)</b>	<b>\$ 16,745</b>	<b>\$ 375</b>	<b>\$ (6,338,630)</b>	<b>\$ 287,990</b>

Fund	Revenue			Receivable June 30, 2023
	Current Levy	Prior Years	Total	
General	\$ 6,201,469	\$ 136,905	\$ 6,338,374	\$ 282,068
Debt Service	-	256	256	1,554
<b>Totals</b>	<b>\$ 6,201,469</b>	<b>\$ 137,161</b>	<b>\$ 6,338,630</b>	<b>\$ 283,622</b>



# City of Newberg, Oregon

## OUTSTANDING OBLIGATIONS

June 30, 2023

Class and Series	Dated Date	Maturity Date	Amount of Original Issue	Outstanding
Full Faith and Credit Obligations				
Limited Tax Pension Bonds	5/27/04	6/1/28	\$ 2,720,000	\$ 1,320,000
ODOT-OTIB Loan*	7/1/13	1/25/36	2,783,490	1,472,459
2015 Refunding Bonds**	6/29/15	12/1/25	11,616,270	1,900,088
2018 Communications Upgrade Financing Agreement	3/29/18	6/1/28	3,197,301	1,718,039
Total Full Faith and Credit Obligations			<u>20,317,061</u>	<u>6,410,586</u>
Revenue Obligations				
Notes Payable, Public Works, Business Oregon**	5/31/07	12/1/28	8,525,632	3,279,787
Clean Water State Revolving Loan, Public Works, DEQ	2/14/11***	4/1/36	24,810,545	16,706,253
Total Revenue Obligations			<u>33,336,177</u>	<u>19,986,040</u>
Total Outstanding Obligations			<u>\$ 53,653,238</u>	<u>\$ 26,396,626</u>

\* Loan made final drawdown in fiscal year 19-20. Amount of original issue represents the total drawdowns.

\*\* 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 annual comprehensive 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.	136
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, which is property taxes.	146
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.	151
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.	157
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.	159

# City of Newberg, Oregon

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(Accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental Activities					
Net investment in capital assets*	\$ 74,161,008	\$ 73,333,280	\$ 73,904,455	\$ 73,936,943	\$ 75,051,501
Restricted	4,025,054	5,698,807	5,602,325	5,569,797	7,522,090
Unrestricted*	3,006,288	(4,946,877)	(9,185,414)	(10,058,023)	(10,896,899)
Total governmental activities net position	81,192,350	74,085,210	70,321,366	69,448,717	71,676,692
Business-type activities					
Net investment in capital assets	50,349,199	47,953,509	50,238,503	51,252,029	54,630,631
Restricted	3,324,341	4,306,900	5,516,693	5,785,305	6,417,821
Unrestricted	14,741,960	18,042,289	16,783,799	16,913,651	18,088,071
Total business-type activities net of related debt	68,415,500	70,302,698	72,538,995	73,950,985	79,136,523
Total government					
Net investment in capital assets	124,510,207	121,286,789	124,142,958	125,188,972	129,682,132
Restricted	7,349,395	10,005,707	11,119,018	11,355,102	13,939,911
Unrestricted	17,748,248	13,095,412	7,598,385	6,855,628	7,191,172
Total government net position	\$ 149,607,850	\$ 144,387,908	\$ 142,860,361	\$ 143,399,702	\$ 150,813,215

\*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				
2019	2020	2021	2022	2023
\$ 72,704,092	\$ 74,213,353	\$ 75,517,707	\$ 77,511,424	\$ 80,771,796
9,774,136	9,099,013	12,514,678	13,795,796	12,489,428
(10,229,070)	(12,433,891)	(13,061,129)	(11,732,746)	(9,582,474)
72,249,158	70,878,475	74,971,256	79,574,474	83,678,750
56,059,282	56,781,935	58,231,850	64,930,221	69,221,632
7,070,877	7,408,204	10,251,390	11,222,050	13,469,718
20,555,164	23,141,093	24,845,580	26,776,645	25,963,388
83,685,323	87,331,232	93,328,820	102,928,916	108,654,738
128,763,374	130,995,288	133,749,557	142,441,645	149,993,428
16,845,013	16,507,217	22,766,068	25,017,846	25,959,146
10,326,094	10,707,202	11,784,451	15,043,899	16,380,914
<u>\$ 155,934,481</u>	<u>\$158,209,707</u>	<u>\$ 168,300,076</u>	<u>\$ 182,503,390</u>	<u>\$ 192,333,488</u>

## City of Newberg, Oregon

### CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual basis of accounting )

Expenses	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
General government	\$ 499,907	\$ 422,183	\$ 632,904	\$ 614,756	\$ 456,661
Public safety	10,863,373	9,155,182	14,665,091	13,566,131	14,122,328
Library	1,190,740	1,196,717	1,418,213	1,641,950	1,880,375
Community development	3,891,844	3,698,872	4,956,971	4,637,468	6,051,823
Interest on long-term debt	83,029	234,723	232,287	220,534	190,013
Total governmental activities expenses	<u>16,528,893</u>	<u>14,707,677</u>	<u>21,905,466</u>	<u>20,680,839</u>	<u>22,701,200</u>
Business-type activities:					
Water	4,375,856	4,179,182	4,519,569	4,764,433	5,091,557
Wastewater	5,380,122	5,616,297	6,189,926	8,118,983	9,015,163
Stormwater	1,033,464	1,121,214	1,823,882	1,999,951	1,474,100
EMS	1,512,335	1,533,734	2,327,754	896,225	305,867
Total business-type activities expenses	<u>12,301,777</u>	<u>12,450,427</u>	<u>14,861,131</u>	<u>15,779,592</u>	<u>15,886,687</u>
Total government expenses	<u>\$ 28,830,670</u>	<u>\$ 27,158,104</u>	<u>\$ 36,766,597</u>	<u>\$ 36,460,431</u>	<u>\$ 38,587,887</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 372,919	\$ 1,000,426	\$ 1,069,564	\$ 1,097,664	\$ 1,164,740
Public safety	2,025,314	2,078,460	2,107,389	1,984,542	2,036,208
Library	106,931	153,649	106,993	125,236	114,132
Community development	1,329,636	1,890,405	1,903,759	2,094,345	3,282,887
Operating grants and contributions	1,602,797	1,522,076	1,597,758	1,654,806	1,807,470
Capital grants and contributions	770,008	-	206,672	1,117,673	3,549,009
Total governmental activities program revenues	<u>6,207,605</u>	<u>6,645,016</u>	<u>6,992,135</u>	<u>8,074,266</u>	<u>11,954,446</u>
Business-type activities:					
Charges for services:					
Water	5,024,743	6,055,711	5,456,414	5,393,100	6,005,357
Wastewater	6,809,455	8,593,486	7,367,995	7,724,042	8,165,355
Stormwater	1,098,072	1,186,699	1,292,069	1,464,203	1,545,965
EMS	1,599,863	1,960,321	2,225,533	354,158	26,618
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,097,561	1,833,719	1,082,540	2,285,508	4,296,733
Total business-type activities program revenues	<u>15,629,694</u>	<u>19,629,936</u>	<u>17,424,551</u>	<u>17,221,011</u>	<u>20,040,028</u>
Total government program revenues	<u>\$ 21,837,299</u>	<u>\$ 26,274,952</u>	<u>\$ 24,416,686</u>	<u>\$ 25,295,277</u>	<u>\$ 31,994,474</u>

Continued on page 139



Fiscal Year				
2019	2020	2021	2022	2023
\$ 1,030,070	\$ 1,071,596	\$ 806,778	\$ 1,361,322	\$ 1,471,406
9,157,630	10,165,181	10,739,693	9,869,325	10,779,911
1,837,917	1,997,293	1,789,695	1,806,281	2,208,305
6,020,860	6,989,573	5,209,991	7,301,267	8,349,324
277,987	211,036	232,133	129,633	205,821
18,324,464	20,434,679	18,778,290	20,467,828	23,014,767
5,332,789	5,530,125	5,690,837	6,196,878	6,762,798
8,351,624	8,980,793	9,864,386	8,097,777	9,832,343
1,449,335	1,751,662	1,948,402	1,754,695	2,053,317
36,231	-	-	-	-
15,169,979	16,262,580	17,503,625	16,049,350	18,648,458
\$ 33,494,443	\$ 36,697,259	\$ 36,281,915	\$ 36,517,178	\$ 41,663,225
\$ 1,492,422	\$ 1,505,749	\$ 1,534,420	\$ 1,588,407	\$ 1,689,762
1,758,612	1,756,387	1,620,835	1,598,047	1,813,634
123,031	105,103	94,236	118,732	125,239
2,989,347	2,429,995	4,424,465	4,252,698	4,540,085
2,271,638	1,949,217	2,455,626	3,773,952	4,410,790
2,603,568	2,115,397	3,384,153	3,504,791	2,603,792
11,238,618	9,861,848	13,513,735	14,836,627	15,183,302
6,163,544	5,877,950	6,776,218	7,072,372	7,232,097
8,502,636	8,827,149	9,313,034	9,495,036	10,258,265
1,694,657	1,855,942	2,030,579	2,187,918	2,346,182
-	-	-	-	-
-	87,613	104,545	35,000	150,000
2,801,688	2,522,324	4,957,705	6,765,634	4,200,834
19,162,525	19,170,978	23,182,081	25,555,960	24,187,378
\$ 30,401,143	\$ 29,032,826	\$ 36,695,816	\$ 40,392,587	\$ 39,370,680

Continued on pages 140 and 141

# City of Newberg, Oregon

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years  
(Accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Net (Expense)/Revenue					
Governmental activities	\$ (10,321,288)	\$ (8,062,661)	\$ (14,913,331)	\$ (12,606,573)	\$ (10,746,754)
Business-type activities	3,327,917	7,179,509	2,563,420	1,441,419	4,153,341
Total government net (expense)/revenue	<u>\$ (6,993,371)</u>	<u>\$ (883,152)</u>	<u>\$ (12,349,911)</u>	<u>\$ (11,165,154)</u>	<u>\$ (6,593,413)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 7,018,803	\$ 7,426,611	\$ 7,629,811	\$ 7,654,999	\$ 7,873,043
Franchise and public service taxes	3,285,287	2,994,336	3,400,088	3,625,530	3,997,659
Interest and investment earnings	59,666	53,041	73,928	127,580	257,864
Other revenues	31,831	21,498	43,168	27,251	15,620
Special items	-	-	-	-	-
Transfers	(22,853)	(227,840)	(2,458)	298,564	337,773
Total governmental activities	<u>10,372,734</u>	<u>10,267,646</u>	<u>11,144,537</u>	<u>11,733,924</u>	<u>12,481,959</u>
Business-type activities:					
Interest and investment earnings	106,089	115,218	167,226	288,095	464,392
Other revenues	65,818	(79,234)	3,990	(18,960)	2,909
Special items	-	-	-	-	788,650
Transfers	22,853	227,840	2,458	(298,564)	(337,773)
Total business-type activities	<u>194,760</u>	<u>263,824</u>	<u>173,674</u>	<u>(29,429)</u>	<u>918,178</u>
Total primary government	<u>\$ 10,567,494</u>	<u>\$ 10,531,470</u>	<u>\$ 11,318,211</u>	<u>\$ 11,704,495</u>	<u>\$ 13,400,137</u>
Change in Net Position					
Governmental activities	\$ 51,446	\$ 2,204,985	\$ (3,768,794)	\$ (872,649)	\$ 1,735,205
Business-type activities	3,522,677	7,443,333	2,737,094	1,411,990	5,071,519
Total primary government	<u>\$ 3,574,123</u>	<u>\$ 9,648,318</u>	<u>\$ (1,031,700)</u>	<u>\$ 539,341</u>	<u>\$ 6,806,724</u>

Continued on page 141

Fiscal Year				
2019	2020	2021	2022	2023
\$ (7,085,846)	\$ (10,572,831)	\$ (5,264,555)	\$ (5,631,201)	\$ (7,831,465)
3,992,546	2,908,398	5,678,456	9,506,610	5,538,920
<u>\$ (3,093,300)</u>	<u>\$ (7,664,433)</u>	<u>\$ 413,901</u>	<u>\$ 3,875,409</u>	<u>\$ (2,292,545)</u>

\$ 4,598,319	\$ 5,076,014	\$ 5,530,579	\$ 5,895,192	\$ 6,355,896
3,968,873	3,700,543	3,652,177	4,222,870	4,746,608
461,112	389,270	130,325	66,214	373,338
360,506	69,941	77,875	50,143	652,822
(1,940,134)	-	-	-	-
187,754	(33,620)	(33,620)	-	-
<u>7,636,430</u>	<u>9,202,148</u>	<u>9,357,336</u>	<u>10,234,419</u>	<u>12,128,664</u>

761,810	700,258	259,503	70,472	674,336
1,010	3,633	26,009	23,014	30,897
(26,049)	-	-	-	-
(187,754)	33,620	33,620	-	-
<u>549,017</u>	<u>737,511</u>	<u>319,132</u>	<u>93,486</u>	<u>705,233</u>
<u>\$ 8,185,447</u>	<u>\$ 9,939,659</u>	<u>\$ 9,676,468</u>	<u>\$ 10,327,905</u>	<u>\$ 12,833,897</u>

\$ 550,584	\$ (1,370,683)	\$ 4,092,781	\$ 4,603,218	\$ 4,297,199
4,541,563	3,645,909	5,997,588	9,600,096	6,244,153
<u>\$ 5,092,147</u>	<u>\$ 2,275,226</u>	<u>\$ 10,090,369</u>	<u>\$ 14,203,314</u>	<u>\$ 10,541,352</u>

## City of Newberg, Oregon

### FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified accrual basis of accounting )

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	179,840	-
Unassigned	2,362,206	2,674,785	3,209,623	3,480,777	4,165,562
Total General Fund	<u>\$ 2,362,206</u>	<u>\$ 2,674,785</u>	<u>\$ 3,209,623</u>	<u>\$ 3,660,617</u>	<u>\$ 4,165,562</u>
All Other Governmental Funds					
Nonspendable	\$ 57,685	\$ 53,792	\$ 54,587	\$ 64,850	\$ 90,779
Restricted	3,886,048	4,721,327	5,361,925	5,402,640	9,638,005
Committed	807,395	848,020	773,340	824,480	859,311
Assigned	548,803	535,601	509,076	552,745	166,916
Total all other governmental funds	<u>\$ 5,299,931</u>	<u>\$ 6,158,740</u>	<u>\$ 6,698,928</u>	<u>\$ 6,844,715</u>	<u>\$10,755,011</u>

Fiscal Year				
2019	2020	2021	2022	2023
\$ -	\$ -	\$ -	\$ 13,856	\$ 2,690
-	-	-	-	-
4,476,667	3,527,967	4,267,948	4,997,616	5,382,773
<u>\$ 4,476,667</u>	<u>\$ 3,527,967</u>	<u>\$ 4,267,948</u>	<u>\$ 5,011,472</u>	<u>\$ 5,385,463</u>
\$ 65,492	\$ 64,256	\$ 79,082	\$ 92,778	\$ 104,802
9,580,578	8,915,382	12,015,117	13,737,933	12,374,097
942,462	953,315	930,141	999,150	1,650,680
72,662	-	-	-	-
<u>\$ 10,661,194</u>	<u>\$ 9,932,953</u>	<u>\$ 13,024,340</u>	<u>\$ 14,829,861</u>	<u>\$ 14,129,579</u>

## City of Newberg, Oregon

### CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified accrual basis of accounting)

	Fiscal Year		
	2014	2015	2016
<b>Revenues</b>			
Property taxes	\$ 7,004,018	\$ 7,376,480	\$ 7,628,659
Other taxes	1,945,717	2,704,418	3,112,765
Licenses and permits	603,080	1,404,062	1,498,722
Fees	508,004	-	-
Intergovernmental	4,711,331	2,575,355	2,679,966
Charges for services	535,075	1,849,380	1,860,647
Fines and forfeitures	725,889	685,679	605,215
Facilities charge	119,336	119,460	116,863
Pension bond charge	210,645	222,499	228,612
Assessments	6,183	5,967	76,174
Donations	119,537	27,269	44,468
Interest	42,343	36,913	53,865
Developer contributions	-	-	-
Miscellaneous	27,840	34,358	30,583
Total revenues	<u>16,558,998</u>	<u>17,041,840</u>	<u>17,936,539</u>
<b>Expenditures</b>			
General Government	399,921	378,822	356,689
Public safety	10,337,832	10,775,424	11,233,236
Library	1,247,750	1,209,602	1,323,251
Community development	2,214,119	2,054,285	2,276,773
Capital outlay	2,225,042	578,717	761,896
Debt service:			
Principal	580,000	625,000	702,572
Interest	295,870	264,332	207,432
Total expenditures	<u>17,300,534</u>	<u>15,886,182</u>	<u>16,861,849</u>
Excess of revenues over expenditures	<u>\$ (741,536)</u>	<u>\$ 1,155,658</u>	<u>\$ 1,074,690</u>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	\$ -	\$ 1,152,111	\$ -
Payment to bond excrow agent	-	(1,144,658)	-
Lease Proceeds	32,748	-	-
Proceeds from sale of assets	322	2,529	10,167
Proceeds from notes receivable	-	-	-
Refunds	-	-	-
Transfers in	1,165,617	720,687	1,499,445
Transfers out	(1,188,470)	(714,939)	(1,514,226)
Total other financing sources (uses)	<u>10,217</u>	<u>15,730</u>	<u>(4,614)</u>
Net Change in Fund Balances	<u>\$ (731,319)</u>	<u>\$ 1,171,388</u>	<u>\$ 1,070,076</u>
Debt service as a percentage of noncapital expenditures	<u>5.70%</u>	<u>5.90%</u>	<u>5.68%</u>

		Fiscal Year				
2017	2018	2019	2020	2021	2022	2023
\$ 7,708,562	\$ 7,871,722	\$ 4,915,842	\$ 5,172,277	\$ 5,551,715	\$ 5,875,721	\$ 6,338,758
3,722,487	4,109,401	4,547,856	4,294,152	4,469,662	5,311,768	6,106,939
1,652,558	2,101,984	1,697,758	1,113,188	2,830,335	2,222,692	2,128,093
-	-	-	-	-	-	-
3,791,599	3,380,635	3,718,353	3,907,101	4,454,399	5,659,577	6,881,397
1,174,546	4,092,233	3,178,838	2,722,527	3,868,768	4,176,328	3,839,380
615,698	593,431	611,570	556,299	434,196	397,891	492,625
117,543	119,492	116,658	76,513	-	-	-
238,995	248,417	261,882	274,063	285,040	294,815	319,770
66,305	5,105	25,356	9,053	4,851	2,284	953
39,597	36,033	48,773	28,818	1,000	31,720	73,175
95,986	203,913	364,758	295,928	93,819	58,299	342,253
-	342,750	575,320	-	-	10,840	-
32,557	20,166	139,454	16,353	27,296	9,516	23,867
19,256,433	23,125,282	20,202,418	18,466,272	22,021,081	24,051,451	26,547,210
361,938	353,034	902,975	911,939	645,735	1,215,163	1,365,216
11,916,380	12,560,978	9,312,641	10,008,301	9,634,882	10,223,315	11,416,345
1,566,849	1,791,783	1,870,572	1,876,524	1,691,202	1,768,575	2,115,657
2,717,196	3,270,441	3,143,804	3,000,575	3,090,105	4,470,296	5,409,237
1,593,837	3,584,865	4,043,964	3,362,005	2,298,635	4,224,730	6,015,276
622,066	453,590	741,202	709,322	572,899	657,310	822,956
207,930	190,743	284,436	242,232	227,632	212,666	190,165
18,986,196	22,205,434	20,299,594	20,110,898	18,161,090	22,772,055	27,334,852
\$ 270,237	\$ 919,848	\$ (97,176)	\$ (1,644,626)	\$ 3,859,991	\$ 1,279,396	\$ (787,642)
\$ -	\$ 3,197,301	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	233,579	595,577
20,188	1,250	276,496	6,086	4,997	33,455	58,697
-	-	88,000	-	-	-	-
-	-	-	(4,781)	-	-	-
2,517,297	4,098,023	4,204,737	3,275,215	2,553,404	5,859,364	7,104,415
(2,210,971)	(3,801,151)	(4,254,769)	(3,308,835)	(2,587,024)	(4,856,749)	(7,104,415)
326,514	3,495,423	314,464	(32,315)	(28,623)	1,269,649	654,274
\$ 596,751	\$ 4,415,271	\$ 217,288	\$ (1,676,941)	\$ 3,831,368	\$ 2,549,045	\$ (133,368)
4.67%	3.28%	5.88%	5.20%	4.99%	4.42%	4.48%

## 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
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%
2020	1,940,024,322	56,144,957	41,789,000	2,037,958,279	2.5750	3,555,696,446	57.32%
2021	2,031,204,590	57,505,384	49,250,500	2,137,960,474	2.6523	3,790,598,046	56.40%
2022	2,117,529,585	58,735,052	50,987,800	2,227,252,437	2.7319	4,147,560,164	53.70%
2023	2,198,052,333	60,226,213	56,532,800	2,314,811,346	2.8139	4,905,594,480	47.19%

Information from the Yamhill County Assessment and Taxation Department



## City of Newberg, Oregon

### PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

<b>2022-23</b>		<b>Taxable</b>	<b>% of City</b>
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>Taxable Assessed Valuation (a)</b>
Allison Inn & Spa LLC	Hotel/Hospitality Services	\$ 31,176,267	1.35%
K&J Real Estate LLC	Real Estate	26,226,564	1.13%
Aspen Way West LLC	Land Development/Hospitality	26,157,184	1.13%
Adec, Inc.	Dental Equipment	25,718,070	1.11%
Friendsview Manor	Retirement Community	24,127,315	1.04%
Portland General Electric Co.	Electric Utility	22,640,000	0.98%
Fred Meyer Stores Inc.	Retail, Mixed	19,933,647	0.86%
Allison Properties LLC	Land Development/Hospitality	14,378,915	0.62%
Springbrook Investment LLC	Land Development/Hospitality	13,700,968	0.59%
Northwest Natural Gas Co	Natural Gas Utility	13,543,000	0.59%
<b>TOTAL</b>		<b>\$ 217,601,930</b>	<b>9.40%</b>

<b>2013-14</b>		<b>Taxable</b>	<b>% of City</b>
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>Taxable Assessed Valuation (b)</b>
Allison Inn & Spa LLC	Hotel/Hospitality Services	\$ 23,696,484	1.53%
Springbrook Properties	Land Development/Hospitality	22,700,080	1.47%
K&J Real Estate LLC	Real Estate	21,710,372	1.40%
Austin George K Jr & Joan D	Land Development	15,375,440	0.99%
Texas Commerce Bank National Assoc.	Banking	12,875,213	0.83%
Adec Inc.	Dental Equipment	11,977,780	0.77%
Portland General Electric Co.	Electric Utility	10,720,000	0.69%
Comcast Corporation	Telecommunications Utility	10,706,900	0.69%
Friendsview Manor	Retirement Community	10,390,355	0.67%
Werth Family LLC	Real Estate	9,130,737	0.59%
<b>TOTAL</b>		<b>\$ 149,283,361</b>	<b>9.66%</b>

(a) City of Newberg's 2022-23 assessed valuation was \$2,314,811,346

(b) City of Newberg's 2013-14 assessed/market valuation was \$1,546,167,978

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
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
2020	2.5750	-	2.5750	2.5775	0.9076	0.3876	1.2952
2021	2.6523	-	2.6523	2.5775	0.9076	0.3690	1.2766
2022	2.7319	-	2.7319	2.5775	0.9076	0.4024	1.3100
2023	2.8139	-	2.8139	2.5775	0.9076	0.3338	1.2414

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

Source: Yamhill County Assessor

School District			Fire District			Other Districts	Total Direct & Overlapping Rates
<u>Operating</u>	<u>Debt</u>	<u>Total</u>	<u>Operating</u>	<u>Debt</u>	<u>Total</u>	<u>Total</u>	
\$ 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
4.6616	0.8080	5.4696	1.9752	0.0973	2.0725	1.0620	15.0518
4.6616	0.4716	5.1332	1.9752	0.1415	2.1167	1.0568	14.8131
4.6616	1.5337	6.1953	1.9752	0.1411	2.1163	1.0401	15.9711
4.6616	1.4837	6.1453	1.9752	0.1375	2.1127	1.0465	15.9373

## 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			
2014	\$ 7,172,276	\$ 6,940,323	96.77%	\$ 211,871	\$ 7,152,194	99.72%
2015	7,589,743	7,280,650	95.93%	286,324	7,566,974	99.70%
2016	7,864,660	7,585,511	96.45%	224,883	7,810,394	99.31%
2017	7,857,109	7,606,516	96.81%	201,879	7,808,395	99.38%
2018	8,130,756	7,900,339	97.17%	186,511	8,086,850	99.46%
2019	4,770,467	4,641,500	97.30%	111,316	4,752,816	99.63%
2020	5,248,722	5,130,350	97.74%	99,477	5,229,827	99.64%
2021	5,689,467	5,574,823	97.98%	69,128	5,643,951	99.20%
2022	6,090,550	5,954,055	97.76%	82,898	6,036,953	99.12%
2023	6,516,491	6,368,943	97.74%	-	6,368,943	97.74%

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			
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
2020	24,045	2,037,958,279	-	-	7,507,216	1,895,000	9,402,216	0.46	391.03
2021	25,138	2,137,960,474	-	-	6,255,866	1,725,000	7,980,866	0.37	317.48
2022	25,376	2,227,252,437	-	-	4,961,246	1,535,000	6,496,246	0.29	256.00
2023	25,767	2,314,811,346	-	-	3,618,127	1,320,000	4,938,127	0.21	191.65

(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 \$1,900,088. 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 \$1,718,039 alone on the chart above would result in 0.13% Percentage of Assessed Value and 117.90 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	Leases (3)
2014	\$ -	\$ 1,280,000	\$ -	\$ 2,530,000	\$ -	\$ 343,333
2015	-	-	1,152,111	2,460,000	320,139	302,925
2016	-	-	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
2020	-	-	2,642,043	1,895,000	1,777,706	75,175
2021	-	-	2,342,388	1,725,000	1,674,462	25,499
2022	-	-	2,034,463	1,535,000	1,574,747	173,909
2023	-	-	1,718,039	1,320,000	1,472,459	580,242

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

(2) Total outstanding includes unamortized note premium/discount

(3) In fiscal years 2014 through 2021, capital leases were reported for various pieces of equipment. Beginning in 2022, with the implementation of GASB 87, lease liabilities were reported for police vehicles and equipment.

Business-type Activities					
Full Faith & Credit Obligations (2)	Notes (2)	Leases (3)	Total Government	(1) Percentage of Personal Income	(1) Per Capita
\$ -	\$ 29,481,516	\$ 6,519	\$ 33,641,368	3.96%	\$ 1,490
10,464,160	30,560,788	4,494	45,264,617	4.92%	1,988
9,307,873	30,740,380	2,324	44,884,687	4.73%	1,960
8,136,586	29,435,093	-	42,151,890	4.13%	1,796
6,935,299	27,823,602	-	42,009,407	3.90%	1,789
5,791,868	26,165,524	-	38,568,654	3.41%	1,621
4,865,173	24,676,171	-	35,931,268	2.93%	1,494
3,913,478	23,150,060	-	32,830,887	2.31%	1,306
2,926,783	21,587,064	-	29,831,966	N/A	1,176
1,900,088	19,986,040	-	26,976,868	N/A	1,047

## City of Newberg, Oregon

### LEGAL DEBT MARGIN INFORMATION GENERAL OBLIGATION BONDED DEBT

Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Real Market Value	\$ 1,929,918,978	\$ 2,103,273,498	\$ 2,199,658,073	\$ 2,380,377,182	\$ 2,885,994,061
Debt Limit (3% real market value)	57,897,569	63,098,205	65,989,742	71,411,315	86,579,822
Debt Applicable to Limit:					
General Obligation Bonds	950,000	580,000	190,000	-	-
Less: Amounts reserved for debt service	(206,903)	(210,211)	(216,729)	(38,270)	(47,809)
Total net debt applicable to limit	743,097	369,789	(26,729)	(38,270)	(47,809)
Legal debt margin	<u>\$ 57,154,472</u>	<u>\$ 62,728,416</u>	<u>\$ 66,016,471</u>	<u>\$ 71,449,585</u>	<u>\$ 86,627,631</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>1.28%</u>	<u>0.59%</u>	<u>-0.04%</u>	<u>-0.05%</u>	<u>-0.06%</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



2019	2020	2021	2022	2023
\$ 3,124,480,898	\$ 3,555,696,446	\$ 3,790,598,046	\$ 4,147,560,164	\$ 4,905,594,480
93,734,427	106,670,893	113,717,941	124,426,805	147,167,834
-	-	-	-	-
(3,793)	(2,500)	(2,229)	(2,436)	(16,448)
(3,793)	(2,500)	(2,229)	(2,436)	(16,448)
\$ 93,738,220	\$ 106,673,393	\$ 113,720,170	\$ 124,429,241	\$ 147,184,282
0.00%	0.00%	0.00%	0.00%	-0.01%

## City of Newberg, Oregon

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct			
City of Newberg	\$ 5,090,740	100.00%	\$ 5,090,740
Overlapping			
Chehalem Park & Recreation	20,750,000	56.05%	11,629,711
Portland Community College	669,475,000	1.23%	8,253,957
Tualatin Valley Fire & Rescue	55,780,000	3.22%	1,795,279
Willamette ESD	5,724,823	4.85%	277,877
Yamhill County	7,870,442	21.19%	1,667,912
School District 29J	160,428,388	52.92%	84,895,173
Total overlapping debt			<u>108,519,909</u>
Total direct and overlapping debt			<u><u>\$ 113,610,649</u></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
2014	22,580	\$ 37,578	\$ 848,511,240	5,130	6.30%
2015	22,765	40,403	919,774,295	5,066	5.20%
2016	22,900	41,442	949,021,800	5,104	4.70%
2017	23,465	43,543	1,021,736,495	5,106	3.60%
2018	23,480	45,846	1,076,464,080	5,010	3.50%
2019	23,795	47,494	1,130,119,730	4,876	3.40%
2020	24,045	51,028	1,226,968,260	4,825	9.10%
2021	25,138	56,563	1,421,880,694	4,424	4.90%
2022	25,376	NA	NA	4,227	3.70%
2023	25,767	NA	NA	4,139	3.40%

(1) 2022 Census and Portland State University Population Research Center;

<https://www.pdx.edu/population-research/population-estimate-reports>

(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 2022 or 2023.

- Per capita income from 2012-2018 uses revised numbers using different methodological procedures per information available as of June 30, 2021.

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

(4) Oregon Department of Education

(5) State of Oregon, Employment Division,

<https://www.qualityinfo.org/ed-uesti/?at=1&t1=4104000071~unemprate~y~2001~2022>

(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

	2023			2013 (4)		
	(1) Employees	Rank	Percentage of Total City Employment	(3) Employees	Rank	Percentage of Total City Employment
A-dec	1240	1	12.29%	919	1	9.86%
Newberg Public Schools	584	2	5.79%	585	2	6.28%
George Fox University	569	3	5.64%	400	4	4.29%
Providence Newberg Hospital	500	4	4.96%	550	3	5.90%
Fred Meyer	280	5	2.78%	280	5	3.00%
Dental Components LLC	245	6	2.43%			
Friendsview Retirement Community	220	7	2.18%	160	10	1.72%
Allison Inn & Spa	200	8	1.98%	230	7	2.47%
City of Newberg	136	9	1.35%	173	8	1.86%
PPM Technologies	136	10	1.35%			
Climax Portable Machine Tools				170	9	1.82%
SP Newsprint Co.				265	6	2.84%
Total Employment 2022 (2)	<u>10,086</u>		<u>40.75%</u>	<u>9,321</u>		<u>40.04%</u>

(1) Updated data for 2023 was not available. The data represented is left unchanged from 2022.

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

Total Employment: 2022 Oregon Employment Department Statistics, Place Name Data for "Newberg, Oregon"

(3) Newberg Area Chamber of Commerce Business & Community Directory 2013-14, City of Newberg Finance Dept, & Newberg School District

(4) There was no 2014 data available as the City did not prepare an ACFR during that year. The data for 2013 is presented for comparative purposes.

## City of Newberg, Oregon

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

Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b><u>Function/Program</u></b>										
General government	20.40	21.70	21.98	25.26	24.26	24.29	24.20	22.70	22.70	22.20
Public safety	68.52	66.88	66.88	50.75	49.75	49.75	49.75	48.00	48.00	49.00 *
Library	11.34	11.94	11.94	12.44	12.44	12.44	12.44	12.07	12.07	13.03
Community development	11.08	11.6	12.11	14.77	16.53	16.53	17.02	15.40	15.43	18.59
Water	12.96	13.21	13.61	13.90	14.00	14.00	13.37	14.13	13.88	14.01
Wastewater	16.96	18.21	17.86	18.61	20.26	20.26	20.64	20.15	20.15	20.30
Stormwater	5.38	6.04	6.66	6.59	7.09	7.09	7.47	7.32	7.32	7.66
Emergency medical services	7.24	8.88	8.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00 *
<b>TOTAL</b>	<b><u>153.88</u></b>	<b><u>158.46</u></b>	<b><u>159.92</u></b>	<b><u>142.32</u></b>	<b><u>144.33</u></b>	<b><u>144.36</u></b>	<b><u>144.89</u></b>	<b><u>139.77</u></b>	<b><u>139.55</u></b>	<b><u>144.79</u></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

<u>Function/Program</u>	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Number of Council resolutions	96	38	106	62	74	76	86	66	80	52
Public safety										
Number of adult arrests	962	770	846	1,066	1,255	1,116	1,306	1,028	1,006	977
Number of citations	7,830	6,621	5,364	10,521*	8,272*	7,398*	6,637	4,715	5,059	5,205
Library										
Annual Checkouts	291,850	281,064	309,147	294,412	310,638	335,622	265,955	287,222	244,950	300,061
Reference Questions Answered	8,154	7,958	8,097	8,381	7,950	8,001	10,132	13,711	20,649	23,554
Event Attendance	17,288	16,998	20,126	20,830	17,371	19,462	21,547	11,481	21,640	29,251
Community development										
Building Inspections	3,867	3,827	3,585	6,354	6,816	7,401	5,403	6,054	9,909	10,958
Building Permits - Residential										
New Single family	44	46	62	63	89	91	58	111	153	77
Water										
Water-# of accounts	6,712	6,715	6,814	6,841	6,959	7,056	7,125	7,216	7,362	7,441
Water-total gallons treated (millions)	848	912	903	915	964	861	868	954	902.1	966.7
Wastewater										
Wastewater Total gallons treated (millions)	1,067	1,091	1,389	1,600	1,260	1,090	1,103	1,197	1,384	1,236

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>	<b><u>Fiscal Year</u></b>									
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Public safety										
Police related vehicles	26	26	26	25	26	29	29	28	31	32
Number of fire stations	2	2	2	2	2	1*	1	1	1	1
Library										
Library building	1	1	1	1	1	1	1	1	1	1
Community development										
Miles of road	72.0	72.0	72.0	72.0	72.9	72.9	74.1	74.8	79.2	79.2
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	81.8	81.8	81.8	82.29	84.14	85.88	87.22	87.98	89.55	93.00
Stormwater										
Miles of storm lines	59.6	59.6	59.6	61.32	62.72	65.35	67.67	71.64	74.48	92.22

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**

City Council  
City of Newberg  
Newberg, Oregon

We have audited the basic financial statements of the City of Newberg (the "City") as of and for the year ended June 30, 2023, and have issued our report thereon dated May 31, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

**Compliance and Other Matters**

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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City 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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Budgets legally required (ORS Chapter 294)

Actual amounts presented in the approved budget for the period of 2021-22 did not agree to amounts presented in the financial summary (LB-1).

City Council  
City of Newberg  
Newberg, Oregon  
May 31, 2024

Expenditures in excess of appropriations occurred as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund			
Municipal Court	\$ 376,702	382,422	(5,720)
Street Fund			
Capital Outlay	5,640,193	6,015,276	(375,083)
Administrative Support Services			
Finance	1,516,201	1,665,817	(149,616)
Public Works	889,804	982,581	(92,777)

**OAR 162-010-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes 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 of Use**

This report is intended solely for the information and use of the City Council and management of 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.

*Singer Lewak LLP*

May 31, 2024

By:

  
Brad Bingenheimer, Partner