



City of Newberg, Oregon
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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CITY OF NEWBERG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

Prepared by:

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

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CITY OF NEWBERG, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

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December 31, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Newberg, Oregon (the City) for the fiscal year ended June 30, 2020 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, 2020 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, 2020. The independent auditor's report is located at the front of the financial section of this report, beginning with page A.

Governmental Structure

The City of Newberg was incorporated in 1889. The City is located 23 miles southwest of Portland, Oregon's largest city, and lies on the main east-west route between Portland and the central Oregon coast. It is the second largest city in Yamhill County. Yamhill County is part of the Portland-Vancouver metropolitan statistical area. The City currently has an incorporated land area of 5.93 square miles and an estimated 2020 population of 24,045. The City has the authority to extend its corporate limits by annexation. During the 2019-20 fiscal year the City did not annex any properties into city limits.

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 1st for taxes levied for the following fiscal year.

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

Between 2018-19 and 2019-20, the City's assessed value increased 7.0% and the market value also increased 13.8%. The difference between market value and assessed value has widened to \$1,518 million compared to \$1,220 million the prior year.

Table 1
City of Newberg Assessed and Market Values

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Assessed Value	\$ 1,780,615,477	\$ 1,855,195,227	\$ 1,904,718,781	\$ 2,037,958,279
Percent Change	4.9%	4.2%	2.7%	7.0%
Market Value	\$ 2,380,377,182	\$ 2,885,994,061	\$ 3,124,480,898	\$ 3,555,696,446
Percent Change	8.2%	21.2%	8.3%	13.8%

Source: Yamhill County Assessor's Office

During fiscal year 2019-20, the building fund saw a decrease of 25.78% in total value of constructed residential and a decrease of 46.58% in commercial value from the prior fiscal year. This translated to an overall decrease of 36.8% in permits and fees revenue from FY 2018-2019 to FY 2019-2020. The number of new residential units went from 94 in FY 2018-2019 to 65 in FY 2019-2020. The fund also saw a decrease in total inspections. The slowdown is attributed in part to the COVID-19 pandemic and land supply constraints. Permit revenues in 2020-2021 are expected to be above FY 2019-2020 due to an increase in residential and commercial development activity.

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Yamhill County	3.8%	3.6%	3.5%	10.0%
State of Oregon	4.1%	3.9%	3.8%	11.6%
National USA	4.3%	4.0%	3.7%	11.1%

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 2019-2021 biennium are 21.99% for Tier 1/Tier 2 employees, 12.10% for OPSRP general employees, and 16.73% for OPSRP public safety employees. The Newberg Employees Retirement Plan rates are set annually. The 2019-20 rate was 37.97%.

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.

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

The Newberg-Dundee area ranked as the 7th safest city in Oregon according to safewise.com. The Newberg-Dundee Police Department boasted approximately 1.5 violent crimes per 1,000 persons and 14.8 property crimes per 1,000 persons, approximately half of the Oregon average in both categories.

In March of 2020, the City operations pivoted in nature with the declaration of a national emergency due to the world-wide COVID-19 pandemic. All departments saw changes in how they went about daily responsibilities with many employees working remotely along with changes in workspaces to meet social distancing standards recommended by advising health agencies such as the CDC and OSHA. Stringent cleaning and sanitizing policies were put in place in all departments. The municipal court and public library had temporary closures initially to provide these departments who deal with the public to sanitize and institute proper public health standards and protocols. The City was awarded a Coronavirus Relief Fund grant from the State of Oregon for the reimbursement of eligible COVID-19 related costs up to \$859,246. This grant is funded by the Federal CARES ACT and funds different costs of the City including costs including PPE, telework capabilities, COVID-19 related sick leave, disinfecting of facilities, and payroll expenses related to responding to COVID-19. The City also used this money to fund the Newberg Business Emergency Relief Grants which amounted to approximately \$105,000 to 62 local small businesses effected negatively by the pandemic. The COVID-19 pandemic also put a halt to travel habits, which in turn resulted in a sharp decrease in City transient lodging tax revenue. The City also created a new position to assist the community in navigating the pandemic titled the Economic Health Manager.

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

For the Future. In September 2017, City Council took the initial steps in approving the City's commitment to the Emergency Communications System upgrade project in partnership with Washington County Consolidated Communications Agency (WCCCA). The City has partnered with WCCCA since 2009, allowing the City access to WCCCA's 800 MHz Public Safety Voice and Data Communications System rather than operating an independent, standalone system. WCCCA has identified the need for replacements and upgrades to their overall system, including a portion of the system that involves the direct benefit to the City and also requires the City's contribution. Clackamas C800 Radio Group (C800) is also a partner in the upgrade project. The primary scope of the overall project is to replace/upgrade/expand the infrastructure, communication towers, radios and other equipment. The overall project is estimated at \$124 million, with the City's portion as approximately \$3.1 million. The City completed financing of the project through a financing agreement executed in June of 2018. The project is nearing completion and is anticipated to be completed and system operational in early 2021.

After welcoming a new Library Director and then new City Manager in fiscal year 2019-20, other major changes to City leadership is incoming for the 2020-21 fiscal year. Due to a wide variety of department head departures over the last year, there is a slew of incoming leadership joining the City to carry our local government into the next decade. Led by City Manager Dan Weinheimer, the City will spend the 2020-21 fiscal year recruiting for and hiring a Police Chief, a Public Works Director, a Finance Director and an Assistant City Manager (which after a mild restructuring of administrative responsibilities will be replacing and taking over the duties of the Human Resources Director position). Additionally, the City will be transitioning from an in-house City Attorney position to outside contracted legal services.

The City has several significant grants beyond a few previously mentioned that are underway and expected to complete over the next year or two. There are two grants related to the construction of a solar station at the Wastewater Treatment Plant. A grant from the State of Oregon was awarded totaling \$250,000 towards that project, in addition to an award from Portland General Electric of up to \$150,000 from their Renewable Development Fund. Additionally, the Newberg-Dundee Police Department is working on various small grants totaling up to nearly \$61,000. Public Works will be working on significant construction on Crestview drive, which is funded with a \$740,000 grant as well as an emergency preparedness grant from the Oregon Emergency Management department for up to \$26,750 worth of emergency water supplies and equipment. The Planning Department was also recently awarded three new grants from the Department of Land Conservation and Development totaling \$95,000.

In September 2020 the long-anticipated sale of the former WestRock paper mill, which closed in 2015, was announced. The property was sold to a commercial development company who will clear out and clean up the property which is expected to pave the way for major redevelopment and opportunity as laid out in the Riverfront Maser Plan recently completed by the planning department and related committees and participants. The property is expected to be ready to begin redevelopment in late 2021, providing new economic opportunities related to commercial, residential, recreational, and industrial uses.

In 2019-20 the City continued work towards looking into the creation of an Urban Renewal Agency, which included preparing a draft Urban Renewal Feasibility Study for an area encompassing 599.73 acres with guidance from a citizens committee to address blighted areas within the downtown and riverfront within the city.

The Oregon PERS rates for the 2019-21 biennium is 21.99% for Tier 1/Tier 2 employees, 12.10% for OPSRP general employees, and 16.73% for OPSRP public safety employees. The Oregon PERS rates for the upcoming 2021-23 biennium will be 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 2020-21 rate is 44.28%.

Awards and Acknowledgements

Awards. Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberg for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



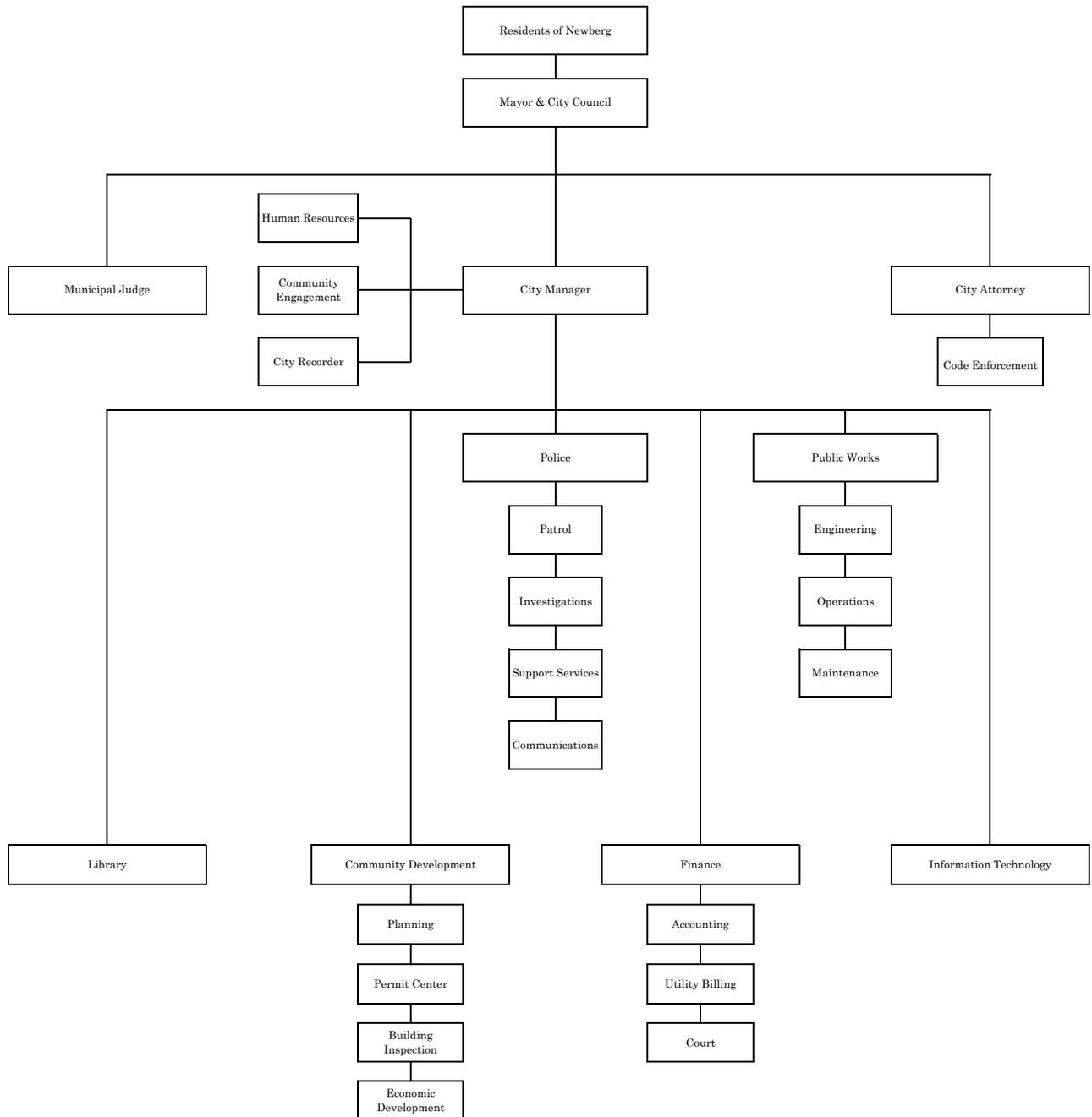
Caleb Lippard
Assistant Finance Director



Dan Weinheimer
City Manager

City of Newberg, Oregon

Organizational Chart



CITY OF NEWBERG

OFFICERS AND MEMBERS OF THE GOVERNING BODY

June 30, 2020

CITY MANAGER

Dan Weinheimer

CITY ATTORNEY

Truman A. Stone

MUNICIPAL JUDGE

Larry Blake Jr.

MAYOR

Rick Rogers
PO Box 970
Newberg, OR 97132

TERM EXPIRATION

December 31, 2022

COUNCIL MEMBERS

Denise Bacon
PO Box 970
Newberg, OR 97132

December 31, 2020

Elise Yarnell Hollamon
PO Box 970
Newberg, OR 97132

December 31, 2020

Gene Piros
PO Box 970
Newberg, OR 97132

December 31, 2020

Julia Martinez Plancarte
PO Box 970
Newberg, OR 97132

December 31, 2022

Stephanie Findley
PO Box 970
Newberg, OR 97132

December 31, 2022

Vacant (District 4)

December 31, 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newberg
Oregon**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Newberg
Newberg, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newberg (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Street and Building Inspection funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a - p* and the required supplementary information on pages 73 - 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining financial statements and individual fund schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, other financial schedules, and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mayor and City Council
City of Newberg
Independent Auditor's Report
December 30, 2020
Page Three

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2020, on our consideration of the City's compliance with certain provisions of laws and regulation, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

December 30, 2020

By:



Bradley G. Bingenheimer,
Partner

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CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, 2020. 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 \$158.2 million. Of this amount, \$10.7 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 \$2.3 million, or 1.5%. The positive effect on net position is due to traditional operations of \$3.9 million. The negative effect on net position is due to an increase in long-term debt of \$0.6 million and due to the net change of pension liability and pension related items of \$1.0 million.
- Revenue from property taxes levied for general purposes increased \$0.5 million or 10.4% 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 expense for 2019-20 was \$6,663,835.
- Total cost of all programs was \$36.8 million, an increase of \$3.3 million from the prior year. The increase primarily relates to increases in capital projects undertaken by the City including the public safety building seismic retrofit project and various large public works projects as well as continuing increases in retirement costs.

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

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

full accrual basis of accounting. Governmental activities include basic services such as public safety, library, community development and general government administration. Business-type activities are water, wastewater, 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 15 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Street Fund, Street Capital Projects Fund, and Building Inspection Fund. Data from the other 11 governmental funds are combined into a single, aggregated presentation. For each major fund, a separate Statement (or Schedule) of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented. Information on non-major funds can be found in the Combining and Individual Fund Financial Statements and Schedules section of this report.

Proprietary Funds. This type of fund is used to account for activities where the emphasis is placed on net income determination. The City maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, 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

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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 \$158.2 million at the close of the most recent fiscal year. This represents a \$2.3 million increase over the prior fiscal year.

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

TABLE 1
NET POSITION AT YEAR END
(in millions)

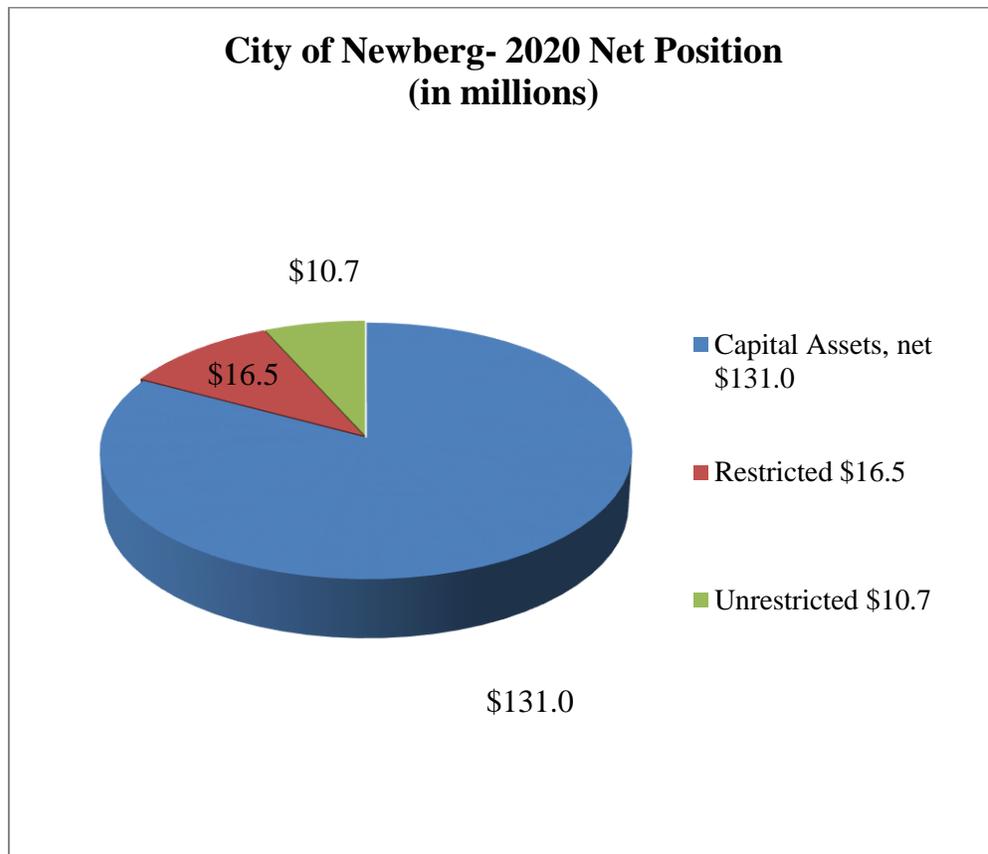
	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2020	2019	2020	2019	2020	2019
Cash and investments	\$ 16.1	\$ 17.5	\$ 35.4	\$ 32.7	\$ 51.5	\$ 50.2
Other assets	0.7	1.2	2.9	2.6	3.6	3.8
Capital assets	76.9	76.0	86.1	87.8	163.0	163.8
Total assets	<u>93.7</u>	<u>94.7</u>	<u>124.4</u>	<u>123.1</u>	<u>218.1</u>	<u>217.8</u>
Deferred Outflows of resources						
Pension related items	5.0	4.8	2.4	2.5	7.4	7.3
Postemployment benefit related items	0.1	0.1	-	-	-	-
Deferred refunding charge	-	-	0.2	0.2	0.2	0.2
Total deferred outflows of resources	<u>5.1</u>	<u>4.9</u>	<u>2.6</u>	<u>2.7</u>	<u>7.6</u>	<u>7.5</u>
Long-term obligations	22.8	21.3	38.0	40.1	60.8	61.4
Other liabilities	2.0	2.0	0.6	1.0	2.6	3.0
Total liabilities	<u>24.8</u>	<u>23.3</u>	<u>38.6</u>	<u>41.1</u>	<u>63.4</u>	<u>64.4</u>
Deferred inflows of resources						
Pension related items	3.1	4.0	1.0	1.0	4.1	5.0
Postemployment benefit related items	0.1	0.1	-	-	-	-
Total deferred inflows of resources	<u>3.2</u>	<u>4.1</u>	<u>1.0</u>	<u>1.0</u>	<u>4.1</u>	<u>5.0</u>
Net position:						
Net investment in capital assets	74.2	72.7	56.8	56.0	131.0	128.7
Restricted	9.1	9.7	7.4	7.1	16.5	16.8
Unrestricted	(12.4)	(10.2)	23.1	20.6	10.7	10.4
Total net position	<u>\$ 70.9</u>	<u>\$ 72.2</u>	<u>\$ 87.3</u>	<u>\$ 83.7</u>	<u>\$ 158.2</u>	<u>\$ 155.9</u>

By far, the largest portion of the City of Newberg's net position (\$131.0 million, or 82.8%) 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.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
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An additional portion of the City of Newberg's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position totals \$16.5 million or 10.4%, and represent cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position totaling \$10.7 million, or 6.8%, may be used to meet the City's ongoing obligations.

At the end of the current fiscal year, the City of Newberg is able to report positive balances in 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.



CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, 2020 and 2019
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Charges for services	\$ 5.8	\$ 6.3	\$ 16.6	\$ 16.4	22.4	22.7
Operating grants and contributions	2.0	2.3	0.1	-	2.1	2.3
Capital grants and contributions	2.1	2.6	2.5	2.8	4.6	5.4
Taxes	8.8	8.6	-	-	8.8	8.6
Interest	0.4	0.4	0.7	0.8	1.1	1.2
Miscellaneous	0.1	0.1	-	-	0.1	0.1
Gain on sale of assets	-	0.2	-	-	-	0.2
Total revenues	<u>19.2</u>	<u>20.5</u>	<u>19.9</u>	<u>20.0</u>	<u>39.1</u>	<u>40.5</u>
Expenses						
General government	1.1	1.0	-	-	1.1	1.0
Public safety	10.2	9.2	-	-	10.2	9.2
Library	2.0	1.8	-	-	2.0	1.8
Community development	7.0	6.0	-	-	7.0	6.0
Interest on long-term debt	0.2	0.3	-	-	0.2	0.3
Water	-	-	5.5	5.3	5.5	5.3
Wastewater	-	-	9.0	8.4	9.0	8.4
Stormwater	-	-	1.8	1.5	1.8	1.5
Total expenses	<u>20.5</u>	<u>18.3</u>	<u>16.3</u>	<u>15.2</u>	<u>36.8</u>	<u>33.5</u>
Increase (decrease) in net assets						
before transfers and special items	(1.3)	2.2	3.6	4.8	2.3	7.0
Special items	-	(1.9)	-	-	-	(1.9)
Transfers	-	0.2	-	(0.2)	-	-
Changes in net position	<u>(1.3)</u>	<u>0.5</u>	<u>3.6</u>	<u>4.6</u>	<u>2.3</u>	<u>5.1</u>
Beginning net position	72.2	71.7	83.7	79.1	155.9	150.8
Ending net position	<u>\$ 70.9</u>	<u>\$ 72.2</u>	<u>\$ 87.3</u>	<u>\$ 83.7</u>	<u>\$ 158.2</u>	<u>\$ 155.9</u>

CITY OF NEWBERG, OREGON
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For the Year Ended June 30, 2020

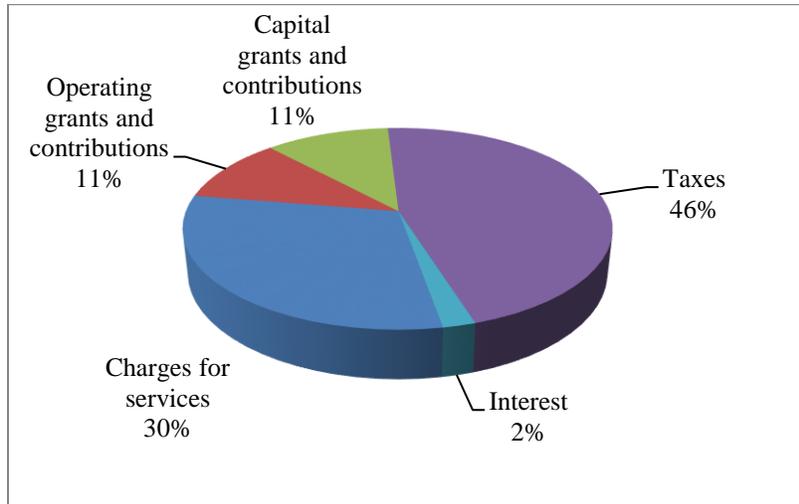
Governmental Activities

During the current fiscal year, the net position for governmental activities decreased \$1.3 million from the prior fiscal year for an ending balance of \$70.9 million. An analysis of the revenues and expenses follows:

- Charges for services – These are revenues that arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. This category also includes municipal court revenues from issuance of traffic citations. Charges for services decreased over the prior year by \$0.5 million, primarily due to permits and fees revenue within the community development department as a result of decreases in development work done compared to the prior year due to COVID-19.
- Grants and contributions – These are revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
 - Operating grants/contributions – These revenues primarily consist of state gas tax disbursed to the City to use for road maintenance. Other small state and private contributions are also included in the operating grant category. These funds go to support specific activities within the City.
 - Capital grants/contributions – These revenues primarily consist of grants, system development charges, and developer infrastructure contributions (e.g. fair market value of subdivision's infrastructure such as streets, roads, and rights-of-way/easements). This category decreased by \$0.5 million over the prior year, primarily due to decreased street system development charges of \$0.5 million due to decreased development activity within the City.
- Taxes – These are revenues that consist primarily of property taxes, transient lodging taxes, and franchise fees based on gross revenues. Overall property taxes increased \$0.5 million or 10.4% over the prior 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.
- Interest – This is revenue derived from the City's investment of cash and reserves. Due to sharp decreases in investment rates of return since the COVID-19 pandemic began in early 2020, the overall investment earnings declined significantly in the 4th quarter of the fiscal year, leaving an overall decrease of \$0.1 million on the year.
- Other - This is miscellaneous revenue not related to services provided.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, 2020
(in millions)

Programs	FY 2019-20		Compared to FY 2018-19	
	Amount	Percent of Total	Amount	Percent
General government	\$ 1.1	5.4%	\$ 0.1	10.0%
Public safety	10.2	49.8%	1.0	10.9%
Library	2.0	9.8%	0.2	11.1%
Community development	7.0	34.1%	1.0	16.7%
Interest on long-term debt	0.2	1.0%	(0.1)	-33.3%
Total expenses	\$ 20.5	100.0%	\$ 2.2	

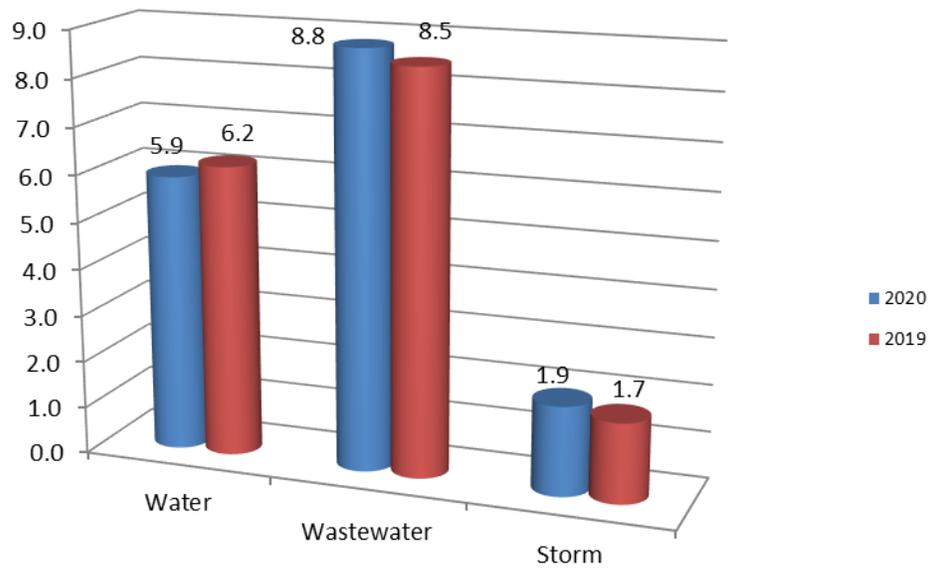
- General government and interest expenses were consistent with the prior year.
- Public safety consists of police, court, and 911 operations, and the overall expenses increased by \$1.0 million due primarily to expenses related to increasing pension liabilities.
- Library expenses were consistent with the prior fiscal year with the exception of an increase of \$0.2 million related to increases in pension related liabilities.
- Community Development expenses increased by \$1.0 million due to large increases in non-capitalized pavement preservation corresponding with the transportation utility fee as well as expenses related to increasing pension liabilities.

CITY OF NEWBERG, OREGON
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For the Year Ended June 30, 2020

Business-type Activities

During the current fiscal year, the net position for business-type activities increased by \$3.6 million from the prior fiscal year for an ending balance of \$87.3 million. Business-type charges for services experienced modest revenue growth related to annual utility rate increases and activity. Capital grants and contributions experienced a decrease over the prior year due to system development charge decreases due to decreases in development activity during the COVID-19 pandemic.

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, 2020
(in millions)

Programs	FY 2019-20		Compared to FY 2018-19	
	Amount	Percent of Total	Increase/(Decrease) Amount	Percent
Water	5.5	33.7%	0.2	3.8%
Wastewater	9.0	55.2%	0.6	7.1%
Stormwater	1.8	11.0%	0.3	20.0%
Total expenses	<u>\$ 16.3</u>	<u>100.0%</u>	<u>\$ 1.1</u>	

- Water expenses were relatively consistent with prior year with the exception of an increase of \$0.2 million of costs related to water redundancy and seismic resiliency studies.
- Wastewater expenses increased \$0.2 million primarily due to increases in pension liabilities as well as a shift in allocated costs related to administrative services.
- Stormwater program expenses increased by \$0.3 million due primarily to expenses related to increasing pension liabilities.

CITY OF NEWBERG, OREGON
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For the Year Ended June 30, 2020

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 \$13.5 million, a decrease of \$1.6 million in comparison with the prior year. Approximately 26.2% of this amount (\$3.5 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balances is either non-spendable, restricted, or committed to indicate that it is 1) not in spendable form (\$0.1 million), 2) restricted for particular purposes (\$8.9 million) or 3) committed for particular purposes (\$1.0 million)..

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund decreased by \$0.9 million (21.2%) during the current fiscal year. This change in fund balance is consistent with the prior year. Significant changes from the prior year are as follows:

- Property taxes revenues increased \$0.3 million, or 5.5%. This increase relates to the increase in tax assessed values and the increase in the property tax rate levied by 3%.
- Licenses and permits revenue decreased by \$0.2 million (34.3%) due to lower development activity within the City relative to the prior year.
- Sale of capital assets and proceeds from notes receivable decreased due to the sale of the Newberg Animal Shelter and remaining fire apparatus in the prior year.
- Transfers In decreased due to less funds transferring in from the Transient Lodging Tax Fund, which experienced a sharp decline due to the COVID-19 pandemic's impact on tourism.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

The Street Fund ending fund balance decreased \$0.5 million (22.5%) primarily due to \$0.3 million of prior year unspent Transportation Utility Fee revenues that the City used up in the current year.

The Building Inspection Fund ending fund balance decreased \$0.1 million due to a decrease in a decrease in permit revenue related to a reduction in development activity related to the COVID-19 pandemic.

The Street Capital Projects Fund ending fund balance remained flat. However, project activity decreased by \$0.7 million in part due to the completion of the Villa Rd project in the prior year, which accounted for over half of the prior year project costs. The City did increase their paving projects related to the Transportation Utility Fees vs the prior year as some unspent funds from that year were spent in the current fiscal year.

Other governmental fund balances decreased by \$0.1 million. Major changes in activity to note include decreases in street system development charges related to a decrease in development activity as well as decreases in transient lodging tax revenue, both of which are results of the COVID-19 pandemic's effects on the local economy.

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 \$1.3 million (4.1%) over the prior fiscal year. Operating costs increased by \$0.3 million during 2019-20. Charges for services decreased by \$0.2 million due to decreases in service volume related to decreased commercial activity during the pandemic. Fiscal year 2019-20 also experienced an increase in capital contributions revenue of \$0.1 million.

The net position of the wastewater utility increased by \$1.2 million (3.1%) during fiscal year 2019-20. Charges for services increased by \$0.3 million over the prior year. Operating costs increased by \$0.8 million. Fiscal year 2019-20 also experienced a decrease in capital contributions revenue of \$0.3 million.

The net position of the stormwater utility increased by \$0.3 million during fiscal year 2019-20. The fund saw increases in operating revenues related to increases in service rates as well as increases in operational revenues, most of which related to changes in pension related liabilities..

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, 2020. The City executed two supplemental budgets affecting multiple funds to cover minor adjustments for various unanticipated revenues and expenditures within different funds.

General Fund final budget compared to actual results

General fund actual revenues exceeded budget by 1.9%. General fund expenditures were, in aggregate and excluding transfers, 86.2% of budget, with the largest variances in the police and planning categories due to various salaries and operating expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2020, the City had invested \$163.0 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$0.7 million.

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

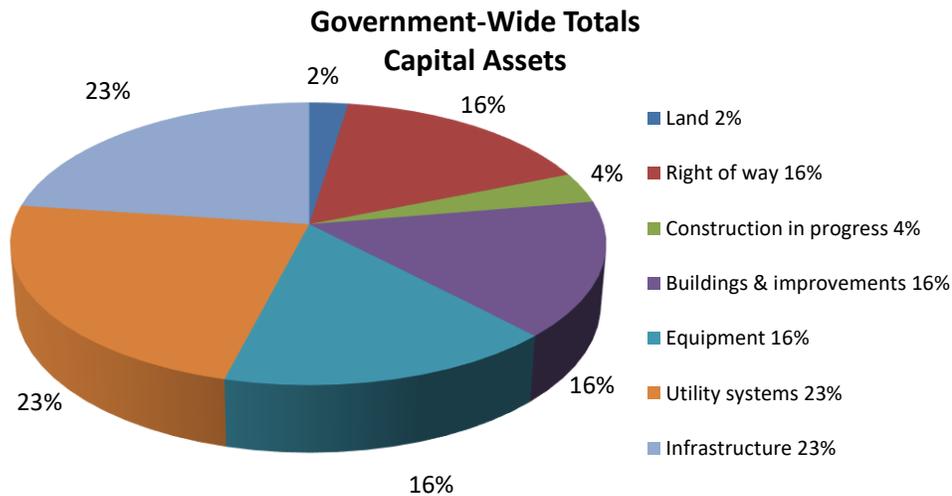
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 1.2	\$ 1.2	\$ 2.7	\$ 2.7	\$ 3.9	\$ 3.9
Right of way	26.8	26.8	-	-	26.8	26.8
Construction in progress	3.9	2.0	1.8	2.6	5.7	4.6
Buildings & improvements	5.6	5.8	19.8	21.3	25.4	27.1
Equipment	2.2	2.0	24.0	25.6	26.2	27.6
Utility systems	-	-	37.8	35.6	37.8	35.6
Infrastructure	37.2	38.1	-	-	37.2	38.1
Total	<u>\$ 76.9</u>	<u>\$ 75.9</u>	<u>\$ 86.1</u>	<u>\$ 87.8</u>	<u>\$ 163.0</u>	<u>\$ 163.7</u>

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

- The City received developer-contributed infrastructure related to six developments, which completed in 2019-20. These developers contributed a total of \$1.8 million of infrastructure in the current year.
- Depreciation expense for 2019-20 was \$6,663,835.
- The City continued work on the Public Safety Communication Upgrade, expending a total of \$0.8 million of the anticipated \$3.1 million total project cost. As of June 30, 2020 the City has expended a total of \$2.6 million of the total \$3.1 million project cost, leaving approximately \$0.5 million to be spent in fiscal year 2020-21.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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



Debt. As of June 30, 2020, the City had a total long-term debt obligation of \$36.4 million. Of this amount, \$6.8 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$1.9 million to be serviced by internal charges to departments and \$4.9 million serviced by user fees and SDCs. The City is also paying down a private placement bank loan with a remaining balance of \$2.6 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	
	2020	2019	2020	2019	2020	2019
FF&C Bonds-2015 Refunding	\$ -	\$ 0.2	\$ 4.9	\$ 5.8	\$ 4.9	\$ 6.0
FF&C public safety financing	2.6	2.9	-	-	2.6	2.9
Limited tax bonds	1.9	2.0	-	-	1.9	2.0
Notes payable	1.8	1.3	25.1	26.2	26.9	27.5
Capital leases	0.1	0.1	-	-	0.1	0.1
Total	\$ 6.4	\$ 6.5	\$ 30.0	\$ 32.0	\$ 36.4	\$ 38.5

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

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

ECONOMIC FACTORS

The following economic factors currently affect the City of Newberg:

- The unemployment rate for Yamhill County is currently 10.0%, which reverses a downward trend from prior years, resulting from shutdowns related to the COVID-19 pandemic. This rate had decreased over the last eight years after spiking at a high around 13.2% in 2009, and since March 2020 had climbed to this new 10-year high.
- The City's taxable assessed value (TAV) for 2020-21 increased by \$100 million (4.9%) over the 2019-20 certified tax roll. This growth rate was down from the TAV increase of 7.0% in 2019-20 tax year.
- The City's private retirement plan contribution rate increased for 2019-20 from 36.8% to 37.97%. Additionally, this rate increased to 44.28% for the 2020-21 fiscal year. The rate for 2021-22 will be 46.19%.
- The COVID-19 pandemic has had a significant negative impact on the City's Transient Lodging Tax Fund revenues, resulting in total 2019-20 revenues of \$0.8 million compared to the budgeted \$1.2 million. The City anticipates negative effects of the pandemic to affect fiscal year 2020-21 and has budgeted total TLT revenues to be \$0.6 million, approximately 50% decrease from the 2019-20 budget.
- Employer contribution rates for Oregon PERS continue to increase. The rates for Oregon PERS increased by an additional 1.67-2.08% of subject payroll for the 2019-21 biennium. The rates released from Oregon PERS in October 2020 for the 2021-23 biennium reflect an additional 0.5-2.97% of subject payroll.
- Health care costs increases will rise in fiscal year 2020-21 by 1.21-3.25%, which is less than cost escalation in previous years.
- Non-represented and police collective bargaining unit pay scales received no cost of living increase on July 1, 2020 as a financial response to the COVID-19 pandemic. The public works collective bargaining unit had also agreed to include no cost of living adjustment for January 1, 2021.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
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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

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, 2020

	Governmental Activities	Business-Type Activities	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 16,128,594	\$ 35,391,364	\$ 51,519,958
Receivables	1,301,240	1,803,292	3,104,532
Internal balances	(765,966)	765,966	-
Inventories	85,902	247,055	332,957
Other postemployment benefits asset	75,197	29,206	104,403
Capital assets:			
Land and construction in progress	31,951,861	4,473,609	36,425,470
Other capital assets, net of depreciation	44,951,622	81,641,677	126,593,299
Total assets	93,728,450	124,352,169	218,080,619
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	5,025,534	2,386,032	7,411,566
Other postemployment benefits related items	44,429	14,410	58,839
Deferred refunding charge	27,088	207,993	235,081
Total deferred outflows of resources	5,097,051	2,608,435	7,705,486
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	1,931,681	410,694	2,342,375
Deposits	28,898	2,078	30,976
Interest payable	32,855	220,779	253,634
Long-term obligations:			
Due within one year	1,634,699	2,775,392	4,410,091
Due in more than one year	21,131,312	35,237,079	56,368,391
Total liabilities	24,759,445	38,646,022	63,405,467
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	3,135,440	965,486	4,100,926
Other postemployment benefits related items	52,141	17,864	70,005
Total deferred inflows of resources	3,187,581	983,350	4,170,931
<u>NET POSITION</u>			
Net investment in capital assets	74,213,353	56,781,935	130,995,288
Restricted for:			
Capital projects	5,354,331	7,408,204	12,762,535
Debt service	2,500	-	2,500
Public safety	140,275	-	140,275
Street maintenance	1,858,180	-	1,858,180
Other purposes	1,743,727	-	1,743,727
Unrestricted	(12,433,891)	23,141,093	10,707,202
Total net position	\$ 70,878,475	\$ 87,331,232	\$ 158,209,707

See accompanying notes

City of Newberg, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental activities:</u>				
General government	\$ 1,071,596	\$ 1,505,749	\$ 52,957	\$ -
Public safety	10,165,181	1,756,387	29,303	-
Library	1,997,293	105,103	32,648	-
Community development	6,989,573	2,429,995	1,834,309	2,115,397
Interest on long-term obligations	211,036	-	-	-
Total governmental activities	20,434,679	5,797,234	1,949,217	2,115,397
<u>Business-type activities:</u>				
Water	5,530,125	5,877,950	28,797	952,347
Wastewater	8,980,793	8,827,149	42,849	1,324,505
Stormwater	1,751,662	1,855,942	15,967	245,472
Total business-type activities	16,262,580	16,561,041	87,613	2,522,324
Totals	\$ 36,697,259	\$ 22,358,275	\$ 2,036,830	\$ 4,637,721

General revenues:

Taxes:

Property taxes

Franchise and public service taxes

Interest and investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position--beginning

Net position--ending

See accompanying notes

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ 487,110	\$ -	\$ 487,110
(8,379,491)	-	(8,379,491)
(1,859,542)	-	(1,859,542)
(609,872)	-	(609,872)
(211,036)	-	(211,036)
<u>(10,572,831)</u>	<u>-</u>	<u>(10,572,831)</u>
-	1,328,969	1,328,969
-	1,213,710	1,213,710
-	365,719	365,719
<u>-</u>	<u>2,908,398</u>	<u>2,908,398</u>
<u>(10,572,831)</u>	<u>2,908,398</u>	<u>(7,664,433)</u>
5,076,014	-	5,076,014
3,700,543	-	3,700,543
389,270	700,258	1,089,528
28,548	17	28,565
41,393	3,616	45,009
(33,620)	33,620	-
<u>9,202,148</u>	<u>737,511</u>	<u>9,939,659</u>
(1,370,683)	3,645,909	2,275,226
72,249,158	83,685,323	155,934,481
<u>\$ 70,878,475</u>	<u>\$ 87,331,232</u>	<u>\$ 158,209,707</u>

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FUND FINANCIAL STATEMENTS

Governmental Funds

- **General** - accounts for the financial operations of the city that are not required to be accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, intergovernmental revenue, and fines and forfeitures.
- **Street** - accounts for revenues received from state gasoline taxes which are to be expended as outlined in the Constitution of the State of Oregon, Article IX, Section 3.
- **Building Inspection** - accounts for fees collected to enforce the state building codes. Fund expenditures are related to the City's building inspection program.
- **Street Capital Projects** - accounts for street capital projects. Resources are derived from transfers from the Street Fund, street systems development charges, and grant revenues.
- **Nonmajor Funds** – includes seven special revenue funds, two debt service funds, and two capital projects funds that are collectively reported as nonmajor funds.

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City of Newberg, Oregon

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2020

	<u>General</u>	<u>Street</u>	<u>Building Inspection</u>	<u>Street Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,409,419	\$ 1,661,439	\$ 1,694,174	\$ 435,960	\$ 6,002,869	\$ 13,203,861
Receivables:						
Accounts	369,322	217,275	1,773	-	300,698	889,068
Loans	-	-	-	-	91,635	91,635
Assessments	-	-	-	-	37,770	37,770
Taxes	265,679	-	-	-	2,470	268,149
Due from other funds	37,189	-	-	-	-	37,189
Inventories	-	64,256	-	-	-	64,256
Total assets	\$ 4,081,609	\$ 1,942,970	\$ 1,695,947	\$ 435,960	\$ 6,435,442	\$ 14,591,928
LIABILITIES						
Accounts payable	\$ 89,304	\$ 60,621	\$ 9,806	\$ 225,199	\$ 59,998	\$ 444,928
Other accrued liabilities	183,037	10,893	11,519	-	16,990	222,439
Due to other funds	-	-	-	-	37,189	37,189
Deposits	15,622	13,276	-	-	-	28,898
Total liabilities	287,963	84,790	21,325	225,199	114,177	733,454
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	265,679	-	-	-	2,470	268,149
Unavailable revenue-loans	-	-	-	-	12,500	12,500
Unavailable revenue-sdc notes	-	-	-	-	79,135	79,135
Unavailable revenue-special assessments	-	-	-	-	37,770	37,770
Total deferred inflows of resources	265,679	-	-	-	131,875	397,554
FUND BALANCES						
Nonspendable	-	64,256	-	-	-	64,256
Restricted	-	1,793,924	1,674,622	-	5,446,836	8,915,382
Committed	-	-	-	210,761	742,554	953,315
Unassigned	3,527,967	-	-	-	-	3,527,967
Total fund balances	3,527,967	1,858,180	1,674,622	210,761	6,189,390	13,460,920
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,081,609	\$ 1,942,970	\$ 1,695,947	\$ 435,960	\$ 6,435,442	\$ 14,591,928

See accompanying notes

City of Newberg, Oregon

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

June 30, 2020

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

Total fund balances - governmental funds	\$	13,460,920
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.		397,554
Net Other postemployment benefit assets are not financial resources and, therefore, are not reported in funds.		57,782
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		74,617,778
Governmental activities report as deferred outflows of resources payments to refunding bond escrow agent		27,088
Governmental activities report as deferred outflows of resources actuarially determined deferred outflows such as changes of assumptions and other actuarially calculated estimates and contributions related to the retirement plans for the year		3,608,159
Governmental activities report as deferred outflows of resources an actuarially calculated implicit employer subsidy for postemployment benefits for the year		36,678
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:		
Long-term debt	\$ (6,314,749)	
Compensated absences	(772,102)	
Net pension liability	(10,110,404)	
Other postemployment benefits	(564,449)	
Accrued interest	<u>(32,855)</u>	(17,794,559)
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		(2,477,201)
Governmental activities report as deferred inflows the effect of changes of assumptions and inputs for actuarially calculated other postemployment benefit costs		(42,193)
Internal service funds are proprietary funds and not reported with governmental funds. However, because internal service funds primarily benefit governmental activities, their assets, liabilities, and net position are reported along with governmental activities in the statement of net position		(1,013,531)
Net position of governmental activities	\$	70,878,475

See accompanying notes

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	General	Street	Building Inspection	Street Capital Projects	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 5,171,286	\$ -	\$ -	\$ -	\$ 991	\$ 5,172,277
Other taxes	3,457,924	-	-	-	836,228	4,294,152
Licenses and permits	464,911	84,179	519,422	-	44,676	1,113,188
Intergovernmental	1,120,567	1,650,672	2,046	-	1,133,816	3,907,101
Charges for services	125,597	1,154,855	99,246	-	1,342,829	2,722,527
Fines and forfeitures	555,522	-	-	-	777	556,299
Facilities charge	-	-	-	-	76,513	76,513
Pension bond charge	-	-	-	-	274,063	274,063
Loan collections - principal	-	-	-	-	6,778	6,778
Loan collections - interest	-	-	-	-	107	107
Assessments	-	-	-	-	9,053	9,053
Donations	-	-	-	-	28,818	28,818
Interest	87,418	35,583	37,282	11,874	123,771	295,928
Miscellaneous	5,306	2,802	5	-	1,355	9,468
Total revenues	10,988,531	2,928,091	658,001	11,874	3,879,775	18,466,272
Expenditures						
Current:						
General government	342,952	-	-	-	568,987	911,939
Public safety	9,126,089	-	-	-	882,212	10,008,301
Library	1,806,685	-	-	-	69,839	1,876,524
Community development	826,119	1,411,396	710,771	-	52,289	3,000,575
Debt service:						
Principal	-	-	-	-	709,322	709,322
Interest	-	-	-	-	242,232	242,232
Capital outlay	-	-	-	2,282,455	1,079,550	3,362,005
Total expenditures	12,101,845	1,411,396	710,771	2,282,455	3,604,431	20,110,898
Excess (deficiency) of revenues over expenditures	(1,113,314)	1,516,695	(52,770)	(2,270,581)	275,344	(1,644,626)
Other financing sources (uses)						
Sale of capital assets	4,636	1,400	50	-	-	6,086
Refunds	-	-	-	-	(4,781)	(4,781)
Transfers in	542,887	-	-	2,277,741	454,587	3,275,215
Transfers out	(382,909)	(2,058,035)	(16,810)	-	(851,081)	(3,308,835)
Total other financing sources (uses)	164,614	(2,056,635)	(16,760)	2,277,741	(401,275)	(32,315)
Net change in fund balances	(948,700)	(539,940)	(69,530)	7,160	(125,931)	(1,676,941)
Fund balances, July 1, 2019	4,476,667	2,398,120	1,744,152	203,601	6,315,321	15,137,861
Fund balances, June 30, 2020	\$ 3,527,967	\$ 1,858,180	\$ 1,674,622	\$ 210,761	\$ 6,189,390	\$ 13,460,920

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, 2020

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

Net change in fund balances - total governmental funds	\$ (1,676,941)
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	(96,263)
Notes and assessments	(14,492)
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.	
	745,665
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	2,730
Interest	(633)
Amortization of deferred refunding charges	(4,514)
Change in deferred outflows of resources related to Other postemployment benefits	(417)
Other postemployment benefits	(24,254)
Change in deferred inflows of resources related to Other postemployment benefits	880
The issuance of long-term obligations provides current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the statement of net position	
	(572,290)
Donations of capital assets are reported as capital contributions in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	
	508,600
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	1,811,886
Depreciation	(1,715,291)
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	330,963
Change in net pension asset or liability	(1,829,800)
Change in deferred inflows of resources	740,276
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.	
	423,212
Change in net position of governmental activities	\$ (1,370,683)

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 5,122,776	\$ 5,122,776	\$ 5,171,286	\$ 48,510
Franchise fees	1,819,627	1,819,627	1,805,243	(14,384)
Licenses and permits	406,580	406,580	464,911	58,331
Intergovernmental	2,543,844	2,543,844	2,773,248	229,404
Charges for services	126,147	126,147	111,763	(14,384)
Fines and forfeitures	610,949	610,949	555,522	(55,427)
Interest	137,519	137,519	87,418	(50,101)
Miscellaneous	14,000	14,000	19,140	5,140
Total revenues	10,781,442	10,781,442	10,988,531	207,089
<u>Expenditures</u>				
General government	242,458	368,250	342,952	25,298
Municipal court	347,446	347,446	327,517	19,929
Police	7,492,469	7,592,469	7,439,975	152,494
Communications	1,433,318	1,433,318	1,358,597	74,721
Library	1,917,638	1,917,638	1,806,685	110,953
Planning	1,020,203	1,020,203	826,119	194,084
Contingency	1,583,383	1,357,591	-	1,357,591
Total expenditures	14,036,915	14,036,915	12,101,845	1,935,070
Excess (deficiency) of revenues over expenditures	(3,255,473)	(3,255,473)	(1,113,314)	(2,142,159)
<u>Other financing sources (uses)</u>				
Proceeds from notes receivable	4,777	4,777	-	9,554
Sale of capital assets	1,000	1,000	4,636	6,636
Transfers in	738,794	738,794	542,887	(195,907)
Transfers out	(386,385)	(386,385)	(382,909)	3,476
Total other financing sources (uses)	358,186	358,186	164,614	(176,241)
Net change in fund balance	(2,897,287)	(2,897,287)	(948,700)	1,948,587
Fund balance, July 1, 2019	3,997,287	3,997,287	4,476,667	479,380
Fund balance, June 30, 2020	\$ 1,100,000	\$ 1,100,000	\$ 3,527,967	\$ 2,427,967

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 71,000	\$ 71,000	\$ 84,179	\$ 13,179
Intergovernmental	1,821,964	1,821,964	1,650,672	(171,292)
Charges for services	1,162,429	1,162,429	1,154,855	(7,574)
Interest	30,000	30,000	35,583	5,583
Miscellaneous	-	-	2,802	2,802
Total revenues	3,085,393	3,085,393	2,928,091	(157,302)
<u>Expenditures</u>				
Public works	1,542,288	1,542,288	1,411,396	130,892
Contingency	828,542	828,542	-	828,542
Total expenditures	2,370,830	2,370,830	1,411,396	959,434
Excess (deficiency) of revenues over expenditures	714,563	714,563	1,516,695	802,132
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	1,400	1,400
Transfers out	(2,957,749)	(2,957,749)	(2,058,035)	899,714
Total other financing sources (uses)	(2,957,749)	(2,957,749)	(2,056,635)	901,114
Net change in fund balance	(2,243,186)	(2,243,186)	(539,940)	1,703,246
Fund balance, July 01, 2019	2,243,186	2,243,186	2,398,120	154,934
Fund balance, June 30, 2020	\$ -	\$ -	\$ 1,858,180	\$ 1,858,180

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 562,410	\$ 562,410	\$ 519,422	\$ (42,988)
Intergovernmental	-	-	2,046	2,046
Charges for services	43,283	43,283	99,246	55,963
Interest	47,000	47,000	37,282	(9,718)
Miscellaneous	20	20	5	(15)
Total revenues	652,713	652,713	658,001	5,288
<u>Expenditures</u>				
Building inspection	746,585	746,585	710,771	35,814
Contingency	1,388,141	1,388,141	-	1,388,141
Total expenditures	2,134,726	2,134,726	710,771	1,423,955
Excess (deficiency) of revenues over expenditures	(1,482,013)	(1,482,013)	(52,770)	1,429,243
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	50	50
Transfers Out	(16,810)	(16,810)	(16,810)	-
Total other financing sources (uses)	(16,810)	(16,810)	(16,760)	50
Net change in fund balance	(1,498,823)	(1,498,823)	(69,530)	1,429,293
Fund balance, July 01, 2019	1,498,823	1,498,823	1,744,152	245,329
Fund balance, June 30, 2020	\$ -	\$ -	\$ 1,674,622	\$ 1,674,622

See accompanying notes

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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, 2020

	Business-type Activities				Governmental
	Water	Waste-water	Storm-water	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 12,892,824	\$ 18,964,851	\$ 1,541,762	\$ 33,399,437	\$ 4,916,660
Accounts and notes receivable, net	667,342	942,324	193,626	1,803,292	14,618
Inventory	192,362	54,693	-	247,055	21,646
Total current assets	13,752,528	19,961,868	1,735,388	35,449,784	4,952,924
Noncurrent assets					
Other postemployment benefits asset	10,126	14,170	4,910	29,206	17,415
Land and construction in progress	1,386,731	1,727,617	1,359,261	4,473,609	97,655
Other capital assets, net of depreciation	26,570,751	47,071,318	7,999,608	81,641,677	2,188,050
Total noncurrent assets	27,967,608	48,813,105	9,363,779	86,144,492	2,303,120
Total assets	41,720,136	68,774,973	11,099,167	121,594,276	7,256,044
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	788,309	1,272,019	325,704	2,386,032	1,417,375
Other postemployment benefits related items	6,507	6,198	1,705	14,410	7,751
Deferred refunding charge	187,486	20,507	-	207,993	-
Total deferred outflows of resources	982,302	1,298,724	327,409	2,608,435	1,425,126
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	132,552	156,867	21,355	310,774	195,119
Payroll liabilities	33,101	51,719	17,178	101,998	1,069,195
Interest payable	46,376	174,403	-	220,779	-
Compensated absences	121,456	125,402	50,728	297,586	240,022
Current portion of capital leases payable	-	-	-	-	49,676
Current portion of notes payable	1,070,533	1,407,273	-	2,477,806	-
Total current liabilities	1,404,018	1,915,664	89,261	3,408,943	1,554,012
Long-term obligations					
Capital leases payable, net of current portion	-	-	-	-	25,499
Notes payable, net of current portion	5,063,992	21,999,546	-	27,063,538	-
Net pension liability	2,619,610	4,281,701	1,033,375	7,934,686	4,556,174
Other postemployment benefits liability	99,947	106,887	32,021	238,855	132,936
Total long-term obligations	7,783,549	26,388,134	1,065,396	35,237,079	4,714,609
Total liabilities	9,187,567	28,303,798	1,154,657	38,646,022	6,268,621
DEFERRED INFLOWS OF RESOURCES					
Pension related items	320,000	486,898	158,588	965,486	658,239
Other postemployment benefits related items	7,514	7,976	2,374	17,864	9,948
Total deferred inflows of resources	327,514	494,874	160,962	983,350	668,187
NET POSITION					
Net investment in capital assets	22,010,443	25,412,623	9,358,869	56,781,935	2,112,875
Restricted for:					
System expansion	12,940	7,173,802	221,462	7,408,204	-
Unrestricted	11,163,974	8,688,600	530,626	20,383,200	(368,513)
Total net position	\$ 33,187,357	\$ 41,275,025	\$ 10,110,957	84,573,339	\$ 1,744,362

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

Net position of business-type activities

2,757,893
\$ 87,331,232

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Water	Waste- water	Storm- water		Internal Service Funds
<u>Operating revenues</u>					
Charges for services, net	\$ 5,829,213	\$ 8,808,311	\$ 1,843,436	\$ 16,480,960	\$ 6,650,407
Miscellaneous	48,745	18,847	12,506	80,098	5,246
<u>Total operating revenues</u>	<u>5,877,958</u>	<u>8,827,158</u>	<u>1,855,942</u>	<u>16,561,058</u>	<u>6,655,653</u>
<u>Operating expenses</u>					
Personal services	1,484,651	2,702,445	854,166	5,041,262	2,988,693
Materials and services	2,817,861	3,369,654	631,246	6,818,761	2,198,911
Depreciation and amortization	1,355,453	2,802,531	330,190	4,488,174	460,370
<u>Total operating expenses</u>	<u>5,657,965</u>	<u>8,874,630</u>	<u>1,815,602</u>	<u>16,348,197</u>	<u>5,647,974</u>
<u>Operating income (loss)</u>	<u>219,993</u>	<u>(47,472)</u>	<u>40,340</u>	<u>212,861</u>	<u>1,007,679</u>
<u>Nonoperating revenues (expenses)</u>					
Interest income	274,488	397,495	28,275	700,258	93,235
Grants	28,797	42,849	15,967	87,613	52,957
Interest expense	(204,797)	(475,552)	-	(680,349)	-
Gain (loss) on sale of capital assets	900	1,816	900	3,616	35,307
<u>Total nonoperating revenues (expenses)</u>	<u>99,388</u>	<u>(33,392)</u>	<u>45,142</u>	<u>111,138</u>	<u>181,499</u>
Income (loss) before capital contributions and transfers	319,381	(80,864)	85,482	323,999	1,189,178
Capital contributions	952,347	1,324,505	245,472	2,522,324	-
Transfers in	179,300	-	-	179,300	-
Transfers out	(142,318)	-	-	(142,318)	(3,362)
Change in net position	1,308,710	1,243,641	330,954	2,883,305	1,185,816
Net position, July 1, 2019	31,878,647	40,031,384	9,780,003	81,690,034	558,546
<u>Net position, June 30, 2020</u>	<u>\$ 33,187,357</u>	<u>\$ 41,275,025</u>	<u>\$ 10,110,957</u>	<u>84,573,339</u>	<u>\$ 1,744,362</u>
Adjustment to reflect the combination of internal service fund activities related to enterprise funds.				762,604	
Change in net position of business-type activities				<u>\$ 3,645,909</u>	

See accompanying notes

City of Newberg, Oregon

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	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	\$ 5,987,838	\$ 8,766,365	\$ 1,808,611	\$ 16,562,814	\$ -
Cash received from other funds	-	-	-	-	6,637,343
Cash paid to suppliers	(2,982,048)	(3,649,282)	(615,729)	(7,247,059)	(2,126,895)
Cash paid to employees	(1,504,236)	(2,308,815)	(784,069)	(4,597,120)	(2,966,872)
Other receipts	48,745	18,847	12,506	80,098	5,246
Net cash provided by (used in) operating activities	1,550,299	2,827,115	421,319	4,798,733	1,548,822
<u>Cash flows from noncapital financing activities</u>					
Transfers in	179,300	-	-	179,300	-
Transfers out	(142,318)	-	-	(142,318)	(3,362)
Net cash provided by (used in) noncapital financing activities	36,982	-	-	36,982	(3,362)
<u>Cash flows from capital and related financing activities</u>					
Principal paid on long-term obligations	(983,427)	(1,334,304)	-	(2,317,731)	(47,963)
Interest paid on long-term obligations	(234,946)	(524,165)	-	(759,111)	-
Grants	28,797	42,849	15,967	87,613	52,957
Purchases of capital assets	(344,828)	(1,133,629)	(53,635)	(1,532,092)	(807,034)
Sale of capital assets	900	1,816	900	3,616	35,307
Developer contributions	406,871	802,579	28,752	1,238,202	-
Net cash provided by (used in) capital and related financing activities	(1,126,633)	(2,144,854)	(8,016)	(3,279,503)	(766,733)
<u>Cash flows from investing activities</u>					
Interest received on investments	274,488	397,495	28,275	700,258	93,235
Net cash provided by investment activities	274,488	397,495	28,275	700,258	93,235
Net increase (decrease) in cash and cash equivalents	735,136	1,079,756	441,578	2,256,470	871,962
Cash and cash equivalents, July 1, 2019	12,157,688	17,885,095	1,100,184	31,142,967	4,044,698
Cash and cash equivalents, June 30, 2020	\$ 12,892,824	\$ 18,964,851	\$ 1,541,762	\$ 33,399,437	\$ 4,916,660
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 219,993	\$ (47,472)	\$ 40,340	\$ 212,861	\$ 1,007,679
<u>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</u>					
Depreciation and amortization	1,355,453	2,802,531	330,190	4,488,174	460,370
(Increase) decrease in OPEB related items	4,061	6,271	2,269	12,601	7,625
(Increase) decrease in accounts receivable	160,028	(34,835)	(34,825)	90,368	(13,064)
(Increase) decrease in pension related items	(25,619)	386,504	55,347	416,232	(174,598)
(Increase) decrease in inventory	1,589	(4,359)	-	(2,770)	699
Increase (decrease) in accounts payable	(165,776)	(275,269)	15,517	(425,528)	53,632
Increase (decrease) in utility billing assistance donation pay	-	-	-	-	17,685
Increase (decrease) in payroll liabilities	(4,446)	632	548	(3,266)	162,246
Increase (decrease) in deferred revenue	(1,403)	(7,111)	-	(8,514)	-
Increase (decrease) in compensated absences	6,419	223	11,933	18,575	26,548
Net cash provided by (used in) operating activities	\$ 1,550,299	\$ 2,827,115	\$ 421,319	\$ 4,798,733	\$ 1,548,822
<u>Schedule of noncash capital and related financing activities</u>					
Developer contributed capital assets	\$ 549,396	\$ 531,236	\$ 216,720	\$ 1,297,352	\$ -

See accompanying notes

FUND FINANCIAL STATEMENTS

Fiduciary Funds

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

City of Newberg, Oregon

STATEMENT OF NET POSITION FIDUCIARY FUNDS

June 30, 2020

	Employees Retirement Plan Trust	Agency
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash	\$ -	\$ 74,893
Investments		
Pooled separate accounts with Principal Financial Group	22,107,219	-
Total assets	22,107,219	74,893
<u>LIABILITIES</u>		
Accounts payable	-	6,305
Due to others	-	68,588
Total liabilities	-	\$ 74,893
<u>NET POSITION</u>		
Net position restricted for pensions	\$ 22,107,219	

See accompanying notes

City of Newberg, Oregon

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

For the year ended June 30, 2020

		Employees Retirement Plan Trust
<u>Additions</u>		
Contributions		
Employer	\$	1,379,909
Plan members		225,206
Total contributions		1,605,115
Investment earnings		
Net appreciation in the fair value of investments		908,877
Total investment earnings		908,877
Total additions		2,513,992
<u>Deductions</u>		
Benefits		
		1,789,499
Administrative expenses		
		106,208
Total deductions		1,895,707
Change in net position		618,285
Net position, beginning		21,488,934
Net position, ending	\$	22,107,219

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, 2020

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, 2020

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

Basis of Presentation

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

GASB 34, as amended by GASB 65, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds as major funds which had a specific community focus. Non-major funds are aggregated in a column in the fund financial statements.

The City reports the following major governmental funds:

- *General*

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

- *Street*

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

- *Building Inspection*

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

- *Street Capital Projects*

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

The City reports each of its 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, 2020

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 internal service funds include Administrative Support Services and the Vehicle/Equipment Replacement Fund. The aggregate of all internal service funds are reflected in the fund financial statements.
- *Fiduciary*
Pension Trust - City of Newberg Employees Retirement Plan accounts for the accumulation of resources for pension benefit payments to qualified public employees.

Agency – Accounts for bail payments held by the City, in a custodial capacity, related to the City's Municipal Court.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Measurement Focus and Basis of Accounting

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

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

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

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

Unavailable revenue arises in the governmental funds balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the amount reported on the governmental funds balance sheet for unavailable revenue is eliminated in the government-wide financial statements.

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental activities column of the government-wide presentations. This reconciliation is part of the financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principle ongoing operations. The principal operating revenues for the City's Water, Wastewater, 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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

Charges for services by the enterprise funds are recognized as revenue when earned, including services provided but not billed. Accounts receivable in the proprietary funds are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's past experience, it has concluded that realization of losses on balances outstanding at year-end will be immaterial.

Inventories

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

Capital Assets

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

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

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

Compensated Absences

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Long-term Obligations

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

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

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

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

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

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

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

Pension Obligations – Oregon Public Employees Retirement System (OPERS)

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

Pension Obligations – Newberg Employees Retirement Plan System (NERPS)

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

Deferred Outflows / Inflows of Resources

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

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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

Equity Classification

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

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

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

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

Fund Balances

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

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

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

Fund balance is reported as committed when the city council passes a resolution or ordinance that places specific constraints on how the resources may be used. The city council can modify or rescind the resolution or ordinance at any time through passage of an additional resolution or ordinance.

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

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

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Retirement Plan

Many of the City's employees are participants in the City of Newberg Employees Retirement Plan. Contributions to the plan are made on a current basis as required by the plan and are charged to expenditures or expenses when due and the employer has made a formal commitment to provide the contribution. The assets of the plan are invested in various mutual funds. The City pays the investment expenses of the plan.

Use of Estimates

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

Adoption of New GASB Pronouncements

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, was issued by GASB in May 2020. Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain GASB pronouncements and implementation guidance. The City adopted this new pronouncement in the current year and, accordingly, has postponed the implementation dates of relevant guidance listed in the pronouncements.

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

within a level of control, but cannot make changes to the level of control totals themselves. During the fiscal year ended June 30, 2020, the city council approved two supplemental budget resolutions.

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, 2020:

- Pooled separate accounts with Principal Financial Group of \$22,107,219 are valued using net asset value as a practical expedient to fair value (Level 2 inputs)

Cash, cash equivalents, and investments are comprised of the following at June 30, 2020:

Cash on hand	\$	1,875
Cash with county treasurer		67,738
Deposits with financial institutions		1,167,237
Local government investment pool		50,358,001
Investments		<u>22,107,219</u>
Total cash, cash equivalents, and investments	\$	<u>73,702,070</u>

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2020, the City had the following investment:

<u>Investments</u>	<u>Maturities</u>	<u>Total</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Pooled Separate Accounts with Principal Financial Group (Pension Trust)	N/A	\$ 22,107,219	\$ 22,107,219	Various

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. Investments in pooled separate accounts are not evidenced by securities. Accordingly, the custodial credit risk disclosures related to the investments are not applicable. The City does not have a formal policy relating to custodial credit risk.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Des Moines in the name of the institution. As of June 30, 2020, none of the City's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent, but not in the City's name.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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

Governmental funds/activities

General	\$ 3,409,419
Street	1,661,439
Building inspection	1,694,174
Street capital projects	435,960
Nonmajor governmental	<u>6,002,869</u>
Total governmental funds	13,203,861
Internal service fund cash allocated to governmental activities	<u>2,924,733</u>
Total governmental activities	<u>16,128,594</u>

Business-type activities/Enterprise funds

Enterprise	
Water	12,892,824
Wastewater	18,964,851
Stormwater	<u>1,541,762</u>
Total enterprise funds	33,399,437
Internal service fund cash allocated to business-type activities	<u>1,991,927</u>
Total business-type activities	<u>35,391,364</u>

Fiduciary funds

Employees retirement plan trust	22,107,219
Agency	<u>74,893</u>
Total fiduciary funds	<u>22,182,112</u>
Total cash and cash equivalents	<u>\$ 73,702,070</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Receivables

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

Activities/Funds	Accounts	Loans	Assessments	Taxes	Total
Governmental activities/funds					
General	\$ 369,322	\$ -	\$ -	\$ 265,679	\$ 635,001
Street	217,275	-	-	-	217,275
Building inspection	1,773	-	-	-	1,773
Nonmajor	300,698	91,635	37,770	2,470	432,573
Internal service	14,618	-	-	-	14,618
Total governmental activities/funds	<u>903,686</u>	<u>91,635</u>	<u>37,770</u>	<u>268,149</u>	<u>1,301,240</u>
Business-type activities/funds					
Water	618,489	12,940	35,913	-	667,342
Wastewater	873,112	69,212	-	-	942,324
Stormwater	193,626	-	-	-	193,626
Total business-type activities/funds	<u>1,685,227</u>	<u>82,152</u>	<u>35,913</u>	<u>-</u>	<u>1,803,292</u>
Total Receivables	<u>\$ 2,588,913</u>	<u>\$ 173,787</u>	<u>\$ 73,683</u>	<u>\$ 268,149</u>	<u>\$ 3,104,532</u>

Court fines in the amount of \$6,758,051 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, 2020

Interfund Receivables, Payables, and Transfers

The interfund transfer activity for fiscal year ended June 30, 2020 is as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
<u>Governmental funds:</u>		
General	\$ 542,887	\$ 382,909
Street	-	2,058,035
Building inspection	-	16,810
Street capital projects	2,277,741	-
Nonmajor	454,587	851,081
<u>Proprietary funds:</u>		
Water	179,300	142,318
Internal service funds	-	3,362
Totals	<u>\$ 3,454,515</u>	<u>\$ 3,454,515</u>

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,243,673	\$ -	\$ -	\$ 1,243,673
Right of way	26,831,118	-	-	26,831,118
Construction in progress	<u>1,993,451</u>	<u>1,883,619</u>	<u>-</u>	<u>3,877,070</u>
Total capital assets not being depreciated	<u>30,068,242</u>	<u>1,883,619</u>	<u>-</u>	<u>31,951,861</u>
Capital assets being depreciated:				
Buildings and improvements	10,785,375	45,310	-	10,830,685
Equipment	8,198,739	717,283	(145,738)	8,770,284
Infrastructure	<u>75,512,692</u>	<u>508,600</u>	<u>-</u>	<u>76,021,292</u>
Total capital assets being depreciated	<u>94,496,806</u>	<u>1,271,193</u>	<u>(145,738)</u>	<u>95,622,261</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,986,622)	(251,023)	-	(5,237,645)
Equipment	(6,272,946)	(478,032)	145,738	(6,605,240)
Infrastructure	<u>(37,381,148)</u>	<u>(1,446,606)</u>	<u>-</u>	<u>(38,827,754)</u>
Total accumulated depreciation	<u>(48,640,716)</u>	<u>(2,175,661)</u>	<u>145,738</u>	<u>(50,670,639)</u>
Total capital assets being depreciated, net	<u>45,856,090</u>	<u>(904,468)</u>	<u>-</u>	<u>44,951,622</u>
Governmental activities capital assets, net	<u>\$ 75,924,332</u>	<u>\$ 979,151</u>	<u>\$ -</u>	<u>\$ 76,903,483</u>

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

General government	\$ 117,572
Public safety	201,213
Library	44,418
Community development	1,352,088
Depreciation incurred in internal service funds charged to various governmental functions/programs	<u>460,370</u>
Total	<u>\$ 2,175,661</u>

Capital assets of the internal service funds are included in the governmental activities. For the fiscal year ended June 30, 2020, internal service fund capital assets, net of depreciation were \$2,285,705.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Capital asset activity for business-type activities for the year ended June 30, 2020 was as follows:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 2,714,849	\$ -	\$ -	\$ 2,714,849
Construction in progress	<u>2,614,481</u>	<u>1,365,387</u>	<u>(2,221,108)</u>	<u>1,758,760</u>
Total capital assets not being depreciated	<u>5,329,330</u>	<u>1,365,387</u>	<u>(2,221,108)</u>	<u>4,473,609</u>
Capital assets being depreciated:				
Buildings and improvements	45,284,571	8,506	-	45,293,077
Equipment	42,074,306	333,174	(171,885)	42,235,595
Utility systems	<u>56,611,820</u>	<u>3,343,485</u>	<u>-</u>	<u>59,955,305</u>
Total capital assets being depreciated	<u>143,970,697</u>	<u>3,685,165</u>	<u>(171,885)</u>	<u>147,483,977</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,973,534)	(1,487,352)	-	(25,460,886)
Equipment	(16,514,308)	(1,841,718)	171,885	(18,184,141)
Utility systems	<u>(21,038,169)</u>	<u>(1,159,104)</u>	<u>-</u>	<u>(22,197,273)</u>
Total accumulated depreciation	<u>(61,526,011)</u>	<u>(4,488,174)</u>	<u>171,885</u>	<u>(65,842,300)</u>
Total capital assets being depreciated, net	<u>82,444,686</u>	<u>(803,009)</u>	<u>-</u>	<u>81,641,677</u>
Business-type activities capital assets, net	<u>\$ 87,774,016</u>	<u>\$ 562,378</u>	<u>\$ (2,221,108)</u>	<u>\$ 86,115,286</u>

Depreciation expense for business-type activities for the year ended June 30, 2020 was as follows:

Water	\$ 1,355,453
Wastewater	2,802,531
Stormwater	<u>330,190</u>
 Total	 <u>\$ 4,488,174</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Operating Leases

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

The future minimum lease obligations as of June 30, 2020 were as follows:

Year ended June 30,	Lease Obligations
2021	\$ 33,388
2022	29,145
2023	20,713
2024	8,893
Totals	\$ 92,139

Capital Leases

The City has entered into noncancellable lease agreements for various equipment items. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Gross assets of \$146,925 and accumulated depreciation of \$44,077 have been recorded under capital leases as of June 30, 2020.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year Ending June 30,	Governmental activities	
	Principal	Interest
2021	\$ 49,676	\$ 2,225
2022	25,499	452
	\$ 75,175	\$ 2,677

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Long-term Obligations

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

	Beginning Balance			Ending Balance	Amounts Due
	July 1, 2019	Increase	Decrease		
Governmental Activities					
Long-term debt obligations					
Revenue Bonds:					
Limited tax pension bonds	\$ 2,045,000	\$ -	\$ (150,000)	\$ 1,895,000	\$ 170,000
Full faith and credit refunding bonds	160,000	-	(160,000)	-	-
Unamortized note premium	36,343	-	(36,343)	-	-
Direct Placements and Direct Borrowings					
Full faith and credit public safety communications upgrade financing agreement	2,932,361	-	(290,318)	2,642,043	299,655
Oregon Transportation Infrastructure Bank loan	1,314,420	572,290	(109,004)	1,777,706	103,244
Capital lease obligations	<u>123,138</u>	<u>-</u>	<u>(47,963)</u>	<u>75,175</u>	<u>49,676</u>
Total long-term debt obligations	6,611,262	572,290	(793,628)	6,389,924	622,575
Other long-term obligations					
Compensated absences	988,306	1,012,124	(988,306)	1,012,124	1,012,124
Net pension liability	13,012,984	1,653,594	-	14,666,578	-
Other postemployment benefits liability	<u>630,529</u>	<u>66,856</u>	<u>-</u>	<u>697,385</u>	<u>-</u>
Total Governmental Activities	<u>\$ 21,243,081</u>	<u>\$ 3,304,864</u>	<u>\$ (1,781,934)</u>	<u>\$ 22,766,011</u>	<u>\$ 1,634,699</u>

Long-term obligations of the internal service funds are included in the governmental activities. As of June 30, 2020, internal service fund long-term obligations were \$5,004,307.

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, 2020

	Beginning Balance July 1, 2019	Increase	Decrease	Ending Balance June 30, 2020	Amounts Due Within One Year
Business-type Activities					
Long-term debt obligations					
Revenue Bonds					
Full faith and credit refunding bonds					
Water	\$ 5,500,000	\$ -	\$ (885,000)	\$ 4,615,000	\$ 910,000
Unamortized note premium	291,868	-	(41,695)	250,173	41,695
Direct Placements and Direct Borrowings					
Notes payable, Business Oregon					
Wastewater	3,256,280	-	(260,795)	2,995,485	273,783
Water	1,228,197	-	(98,427)	1,129,770	103,329
Unamortized note premium	566,216	-	(56,622)	509,594	56,622
Clean Water State Revolving Fund					
Wastewater	<u>21,114,831</u>	<u>-</u>	<u>(1,073,509)</u>	<u>20,041,322</u>	<u>1,092,377</u>
Total long-term debt obligations	31,957,392	-	(2,416,048)	29,541,344	2,477,806
Other long-term obligations					
Compensated absences	279,011	297,586	(279,011)	297,586	297,586
Net pension liability	7,615,133	319,553	-	7,934,686	-
Other postemployment benefits liability	<u>212,038</u>	<u>26,817</u>	<u>-</u>	<u>238,855</u>	<u>-</u>
Total Business-type Activities	<u>\$ 40,063,574</u>	<u>\$ 643,956</u>	<u>\$ (2,695,059)</u>	<u>\$ 38,012,471</u>	<u>\$ 2,775,392</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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
2021	\$ 170,000	\$ 115,040
2022	190,000	104,815
2023	215,000	93,386
2024	240,000	80,454
2025	270,000	65,826
2026-28	810,000	91,121
Totals	\$ 1,895,000	\$ 550,642

Full Faith and Credit Refunding Bonds

The City issued refunding bonds in the amount of \$11,105,000 of which \$1,095,000 was used to refinance the outstanding balance on the Certificates of Participation. Upon the occurrence and continuance of default, the owners of the bonds may exercise any remedy available at law or in equity; however, the bond payments are not subject to acceleration. The bonds carried interest at rates from 2.5 to 4 percent depending upon the principal maturities. The bonds matured and were fully paid off in November 2019.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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
2021	\$ 299,655	\$ 72,920
2022	307,925	64,650
2023	316,424	56,151
2024	325,157	38,444
2025	334,131	47,418
2026-2028	<u>1,058,751</u>	<u>58,973</u>
Totals	<u>\$ 2,642,043</u>	<u>\$ 338,556</u>

Other

The City entered into an agreement with Oregon Department of Transportation (ODOT) in July of 2013 to fund a portion of the Newberg Dundee bypass construction project. The City's portion of this commitment is projected to be \$2,211,200. Funding for payments shall come from the City's federal surface transportation program allocations being exchanged for state funding on a dollar for dollar basis. If this funding is insufficient to cover the interest, the City must make payment to ODOT for any difference. In the event of default, the State may seek any legal remedies including declaring remaining balances due in full, appointment of a receiver, barring future applications for similar assistance, and withholding of other State funds including the City's apportionment of State Highway Fund revenues. In fiscal year 2017-18, the construction was completed and the City will make annual installment payments of interest and principal of \$142,916. In June 2020, an additional \$572,290 was drawn on the loan. As of June 30, 2020 drawdowns on the loan totaled \$2,211,200 and repayments totaled \$542,498. Therefore, as of June 30, 2020 the outstanding principal balance is \$1,777,706. Debt service requirements to maturity are as follows:

Year ended June 30,	Principal	Interest
2021	\$ 103,244	\$ 39,672
2022	99,715	43,201
2023	102,288	40,628
2024	104,927	37,989
2025	107,634	35,282
2026-2030	581,283	133,297
2031-2035	660,239	54,341
2036	<u>18,376</u>	<u>474</u>
Totals	<u>\$ 1,777,706</u>	<u>\$ 384,884</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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
2021	\$ 910,000	\$ 145,550
2022	945,000	108,450
2023	985,000	69,850
2024	660,000	42,313
2025	675,000	26,038
2026	440,000	8,800
Totals	<u>\$ 4,615,000</u>	<u>\$ 401,001</u>

Notes Payable

The City borrowed \$8,230,632 from Business Oregon in fiscal year 2007-08 to implement effluent reuse capabilities at the Wastewater Treatment Plant and to install a new generator. The project initially was funded via an interim financing agreement with the State of Oregon. Upon conversion of financing to a permanent loan, the State of Oregon issued bonds related to the project at a premium and allocated a portion to each of the participating entities. The City's portion of the premium was \$295,000. This premium will be amortized over the life of the loan. The agreement is secured by the City's full faith and credit and taxing power within relevant legal limitations. Upon the occurrence and continuance of default, the trustee may exercise any remedy available at law or in equity including declaring all remaining amounts to be immediately due and payable, terminating all further disbursements of proceeds, declaring the issuer ineligible for future awards, withholding of amounts due to recipient and applying them to payments due, and foreclosure of liens and security interests. In April of 2018, the City authorized the participation in Business Oregon's refunding of this loan, resulting in an adjustment to the interest rates to a range of 4% to 5% as well as a reduction of principal balance owed for an overall reduction of borrowing costs over the remaining course of the loan. Final maturity is December 1, 2028. At June 30, 2020, the outstanding balance was \$4,125,255. 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
2021	\$ 377,112	\$ 204,776
2022	394,797	186,591
2023	413,287	166,851
2024	431,952	146,187
2025	455,029	125,359
2026-2029	<u>2,053,078</u>	<u>262,225</u>
Totals	<u>\$ 4,125,255</u>	<u>\$ 1,091,989</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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 \$20,041,322 as of June 30, 2020. The required loan reserve is \$748,856, or one-half the average annual debt service. Future debt payments are as follows:

Year Ending June 30,	Principal	Interest
2021	\$ 1,092,377	\$ 345,965
2022	1,111,577	326,765
2023	1,131,115	307,227
2024	1,150,997	287,345
2025	1,171,226	267,116
2026-2030	6,172,258	1,019,452
2031-2035	6,734,101	457,609
2036	<u>1,477,671</u>	<u>19,680</u>
	<u>\$ 20,041,322</u>	<u>\$ 3,031,159</u>

Unavailable Revenue

The following represents deferred inflows of resources including those from property taxes, loans, and special assessments as of June 30, 2020:

Fund	Loans	Assessments	Taxes	Total
Governmental				
General	\$ -	\$ -	\$ 265,679	\$ 265,679
Nonmajor	<u>91,635</u>	<u>37,770</u>	<u>2,470</u>	<u>131,875</u>
	<u>\$ 91,635</u>	<u>\$ 37,770</u>	<u>\$ 268,149</u>	<u>\$ 397,554</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

4. OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the City Insurance Services (CIS) Trust, a public entity risk pool currently operating a common risk management and insurance program. The City pays an annual premium to CIS for its insurance coverage. Under the membership agreement with the Trust, the Trust is to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Deferred Compensation Plan

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

Other Postemployment Benefits Plan – CIS

A. Plan description

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

B. Plan membership

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

C. Contributions

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

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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, 2020, the City reported a total OPEB liability of \$936,240. The total OPEB liability was measured as of June 30, 2019 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balance at June 30, 2019	\$ 842,567
Changes for the year:	
Service cost	63,022
Interest on total OPEB liability	34,460
Effect of assumptions or inputs	26,774
Benefit Payments	(30,583)
Ending balances	\$ 936,240

For the year ended June 30, 2020, the City recognized OPEB expense of \$64,796. At June 30, 2020, the City's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 10,482
Changes of assumptions or inputs	25,942	35,169
City's contributions subsequent to the measurement date	29,043	--
	\$ 54,985	\$ 45,651

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$29,043 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2021. 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,

2021	\$ (3,643)
2022	(3,643)
2023	(3,643)
2024	(3,643)
2025	(3,643)
Thereafter	<u>(1,494)</u>
Total	<u>\$ (19,709)</u>

E. Actuarial valuation

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

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

Valuation Date	July 1, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	3.50 percent
Inflation Rate	2.50 percent
Projected Salary Increases	3.50 percent
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

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

Discount rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.87 percent.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Healthcare cost trend rate

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

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

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

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

The following presents the City's total OPEB liability calculated using the discount rate of 3.50 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 (2.50 percent) or 1-percentage-point higher (4.50 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	\$ 1,014,201	\$ 936,240	\$ 863,980
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 837,105	\$ 936,240	\$ 1,052,402

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Other Postemployment Benefits Plan – RHIA

A. Plan description

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

B. Benefits provided

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

C. Contributions

OPERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. 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 \$3,854 for the year ended June 30, 2020.

D. Actuarial Valuations

Except as outlined below, the December 31, 2017 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan.

Economic assumptions

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

Retiree healthcare participation assumptions

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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

At June 30, 2020, the City reported an asset of \$104,403 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB Liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportionate share was 0.05402873%, which is an increase from its proportionate share of 0.04981126% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB revenue from this plan of \$16,925. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ --	\$ 13,768
Changes of assumptions	--	108
Net difference between projected and actual earnings on investments	--	6,444
Changes in proportionate share	--	4,034
City's contributions subsequent to the measurement date	<u>3,854</u>	<u>--</u>
	<u>\$ 3,854</u>	<u>\$ 24,354</u>

Deferred outflows of resources related to OPEB of \$3,854 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, 2021. 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,	
2021	\$ (13,183)
2022	(10,531)
2023	(1,303)
2024	<u>664</u>
Total	<u>\$ (24,354)</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

F. Actuarial methods and assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience study report	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuity, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

G. Discount rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

H. Depletion date projection

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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 July 2017 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/2019-CAFR.pdf>.

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
City's net OPEB liability (asset)	\$ (80,939)	\$ (104,403)	\$ (124,396)

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2019 measurement date there were 54 active members, 70 retired members who receive benefits, 35 vested terminated members, for a total membership of 159.

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, 2020

D. Contributions

The employees are required to contribute 6% of gross pay to the plan in order to participate. Currently, the City picks up the member contribution on behalf of eight employees. The City contributes amounts over 6% that are actuarially determined. Employer contributions for the year ended June 30, 2020 were \$1,379,909. 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 2.25%. As of the July 1, 2019 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, 2020, the City reported a net pension liability of \$13,754,720. The net pension liability was measured as of June 30, 2019, 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	\$ 35,243,654
Plan fiduciary net position	<u>21,488,934</u>
 Net pension liability	 <u>\$ 13,754,720</u>
 Fiduciary net position as a percentage of total pension liability	 61%

Changes in the net pension liability is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances	\$ 34,266,068	\$ 20,628,929	\$ 13,637,139
Changes for the year:			
Service cost	628,881	--	628,881
Interest on total pension liability	1,982,599	--	1,982,599
Effect of economic/demographic losses	581,632	--	581,632
Effect of assumption changes or inputs	(300,310)	--	(300,310)
Benefit payments	(1,915,216)	(1,915,216)	--
Administrative expenses	--	(97,007)	97,007
Member contributions	--	228,135	(228,135)
Net investment income	--	1,266,603	(1,266,603)
Employer contributions	--	<u>1,377,490</u>	<u>(1,377,490)</u>
 Ending balances	 <u>\$ 35,243,654</u>	 <u>\$ 21,488,934</u>	 <u>\$ 13,754,720</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2020, the City recognized pension expense of \$1,878,374. At June 30, 2020, 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	\$ 871,405	\$ 176,928
Changes of assumptions	1,772,369	1,053,662
Net difference between projected and actual earnings on pension plan investments	--	196,068
City's contributions subsequent to the measurement date	1,379,909	--
	\$ 4,023,683	\$ 1,426,658

\$1,379,909 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, 2021. 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,

2021	\$ 454,836
2022	219,770
2023	195,982
2024	256,274
2025	100,029
2026	(9,775)
Total	\$ 1,217,116

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, 2020

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age, Level Percentage of Pay
Amortization Method	Amortized as a level dollar over a closed period of 20 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.25 percent
Investment rate of return	6.0 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 2.0 percent plus assumed rates of merit/longevity increases based on service of 4.5 percent
Mortality	Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2019 mortality improvement scale. <u>Base rates</u> Before benefit payment period PubG-2010 Employee, male and female During benefit payment period • Retirees- PubG -2010 Healthy Retiree base table, male and female • Contingent survivor – same as retirees above

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 market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

Based on these circumstances, it is the Plan's independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would indicate that the Fiduciary Net Position will be depleted in the 2108-09 fiscal year.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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	7.70%	6.35%	29.72%
US Equity - Mid Cap	7.95%	6.35%	3.40%
US Equity - Small Cap	8.50%	6.35%	1.70%
Non-US Equity	7.95%	6.35%	16.53%
REITs	7.60%	5.95%	0.41%
Real Estate (direct property)	5.55%	5.25%	10.52%
Cash	2.25%	2.25%	0.00%
TIPS	3.50%	3.35%	0.63%
Core Bond	4.00%	3.90%	30.91%
High Yield	6.45%	6.00%	6.19%
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	\$ 18,403,614	\$ 13,754,720	\$ 9,940,765

Pension Plans - Defined Benefit Plan – Public Employees Retirement System

Plan Description

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

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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).

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 market value of equity investments.

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

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

Pension Benefits

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019.

Tier 1/tier 2 employer contribution rates are 21.99 percent and the OPSRP employer contribution rates are 12.10 percent for general service employees and 16.73 percent for police and fire. Employer contributions for the year ended June 30, 2020 were \$1,065,923, excluding amounts to fund employer specific liabilities. The City also internally charged departments a rate sufficient to cover payments on the limited tax pension bonds.

Actuarial valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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

At June 30, 2020, the City reported a liability of \$8,846,544 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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

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

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

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

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

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

At June 30, 2019, the City's proportion was .05114317 percent, which was more than its proportion measured as of June 30, 2018 of .04614908 percent.

For the year ended June 30, 2020, the City recognized pension expense (revenue) of \$1,581,538. At June 30, 2020, 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	\$ 487,861	\$ --
Changes of assumptions	1,200,135	--
Net difference between projected and actual earnings on pension plan investments	--	250,791
Changes in proportionate share	484,807	2,326,204
Difference between the City's contributions and employer's proportionate share of system contributions	149,157	97,273
Contributions subsequent to measurement date	1,065,923	--
	\$ 3,387,883	\$ 2,674,268

\$1,065,923 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	\$ 179,205
2021	(525,790)
2022	(257,578)
2023	211,970
2024	39,884
Total	\$ (352,308)

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2020

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Investment rate of return	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

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

Discount Rate

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Depletion Date Projection

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

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

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

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

Assumed Asset Allocation:

<u>Asset Class / Strategy</u>	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the OPERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The following table shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes within the following table. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
The City’s proportionate share of net pension asset or liability	\$ 14,166,955	\$ 8,846,544	\$ 4,394,093

Changes in Actuarial Methods and Assumptions

During the current measurement period, the mortality methodology was changed. Additionally, a legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation.

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, 2020 were \$369,894.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2020, employees of the City had accumulated 5,455 days of sick leave.

Governmental Fund Balances

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

	General	Street	Building Inspection	Street Capital Projects	Nonmajor Funds	Total
Fund balances						
Nonspendable:						
Inventory	\$ -	\$ 64,256	\$ -	\$ -	\$ -	\$ 64,256
Restricted:						
Capital projects	-	-	-	-	5,237,426	5,237,426
Debt service	-	-	-	-	30	30
911 center operations	-	-	-	-	68,874	68,874
Police services	-	-	-	-	71,401	71,401
Tourism	-	-	-	-	30,160	30,160
Street maintenance	-	1,793,924	-	-	-	1,793,924
Building inspection	-	-	1,674,622	-	-	1,674,622
Library services	-	-	-	-	38,945	38,945
Committed:						
Capital projects	-	-	-	210,761	-	210,761
Economic development	-	-	-	-	742,554	742,554
Unassigned	<u>3,527,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,527,967</u>
Total fund balances	<u>\$ 3,527,967</u>	<u>\$ 1,858,180</u>	<u>\$ 1,674,622</u>	<u>\$ 210,761</u>	<u>\$ 6,189,390</u>	<u>\$ 13,460,920</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	\$ 4,847,522
Public Safety – Ordinances imposing Public Safety related fees restrict the use of resources to specific public safety services and equipment replacement	140,275
Transient Lodging Tax – Ordinances imposing transient lodging tax restrict the use of these resources to tourism related expenditures	30,160

Business-type Activities

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made	7,326,052
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City of Newberg, Oregon

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2020, 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 2019 utilized this specific abatement, with a total tax abatement of \$5,704.

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 2019, the City abated no property taxes under this program.

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, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Beginning of year						
Total pension liability	\$ 34,266,068	\$ 33,053,684	\$ 32,356,633	\$ 32,458,220	\$ 28,122,255	\$ 27,296,697
Fiduciary net position	<u>20,628,929</u>	<u>19,393,941</u>	<u>17,868,023</u>	<u>18,294,937</u>	<u>18,271,389</u>	<u>16,452,510</u>
Net pension liability	<u>\$ 13,637,139</u>	<u>\$ 13,659,743</u>	<u>\$ 14,488,610</u>	<u>\$ 14,163,283</u>	<u>\$ 9,850,866</u>	<u>\$ 10,844,187</u>
Changes in total pension liability						
Service cost	\$ 628,881	\$ 632,876	\$ 629,785	\$ 596,760	\$ 463,867	\$ 488,383
Interest on total pension liability	1,982,599	1,920,671	1,923,387	1,809,084	1,734,658	1,612,016
Effect of economic/demographic losses	581,632	461,001	(582,105)	487,034	22,573	995,297
Effect of assumption changes or inputs	(300,310)	(73,732)	276,798	(1,474,389)	3,539,377	(885,385)
Benefit payments	<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>\$ 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	\$ 1,377,490	\$ 1,304,250	\$ 1,185,084	\$ 906,400	\$ 834,895	\$ 747,915
Member contributions	228,135	235,670	226,267	224,049	201,880	202,249
Investment income net of expenses	1,266,603	1,457,091	1,701,706	(7,049)	439,313	2,253,588
Benefit payments	(1,915,216)	(1,728,432)	(1,550,814)	(1,520,076)	(1,424,510)	(1,384,753)
Administrative expenses	<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>\$ 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	\$ 35,243,654	\$ 34,266,068	\$ 33,053,684	\$ 32,356,633	\$ 32,458,220	\$ 28,122,255
Fiduciary net position	<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>\$ 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	60.97%	60.20%	58.67%	55.22%	56.36%	64.97%
Covered payroll	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	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,					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,605,746	\$ 1,427,069	\$ 1,379,424	\$ 1,257,372	\$ 958,388	\$ 767,576
Actual employer contribution	1,379,909	1,377,490	1,304,250	1,185,084	906,400	834,895
Contribution deficiency (excess)	225,837	49,579	75,174	72,288	51,988	(67,319)
Covered payroll**	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	39.82%	38.15%	35.06%	32.51%	25.37%	26.23%
Valuation date	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%	6.50%	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%	6.50%	6.50%	7.00%
Discount rate	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%
Salary increases	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 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>
2020	4.26%
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*

	2019	2018	2017	2016	2015	2014
Proportion of the collective net pension liability (asset)	0.0511432%	0.0461491%	0.0788987%	0.0832642%	0.0897722%	0.0837003%
Proportionate share of the collective net pension liability (asset)	\$ 8,846,544	\$ 6,990,978	\$ 10,635,572	\$ 12,499,882	\$ 5,154,234	\$ (1,897,247)
Covered payroll	\$ 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	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	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 CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, ***

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,065,923	\$ 906,710	\$ 822,914	\$ 605,250	\$ 841,895	\$ 835,001
Contractually required contributions recognized by the pension plan	1,065,923	906,710	822,914	605,250	841,895	835,001
Difference	-	-	-	-	-	-
Covered payroll	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	16.65638%	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, 2019	June 30, 2018	June 30, 2017
Total OPEB liability			
Service cost	\$ 63,022	\$ 61,357	\$ 64,551
Interest on total OPEB liability	34,460	30,187	24,107
Effect of economic/demographic gains or losses	-	(13,276)	(51,156)
Effect of assumptions or inputs	26,774	2,516	-
Benefit payments	(30,583)	(39,786)	(34,234)
Net change in OPEB liability	93,673	40,998	3,268
Total OPEB liability - beginning	842,567	801,569	798,301
Total OPEB liability - ending	\$ 936,240	\$ 842,567	\$ 801,569
Covered employee payroll	9,391,969	8,767,049	8,530,962
City's total OPEB liability as a percentage of covered employee payroll	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.

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

Fiscal Year Ended	City's proportion of the net OPEB liability (asset)	City's proportionate share of the net OPEB liability (asset)	Covered Payroll	City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
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,*

Fiscal Year Ended	Contractually determined contribution	Contributions in relation to the actuarially required contribution	Contribution Deficiency (excess)	City's Covered Payroll	Contributions as a percent of covered payroll
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.

**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, 2020

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 13,000	\$ 13,000	\$ 11,874	\$ (1,126)
Total revenues	13,000	13,000	11,874	(1,126)
<u>Expenditures</u>				
Capital outlay	5,313,115	5,313,115	2,282,455	3,030,660
Total expenditures	5,313,115	5,313,115	2,282,455	3,030,660
Excess (deficiency) of revenues over expenditures	(5,300,115)	(5,300,115)	(2,270,581)	3,029,534
<u>Other financing sources (uses)</u>				
Transfers in	5,313,115	5,313,115	2,277,741	(3,035,374)
Total other financing sources (uses)	5,313,115	5,313,115	2,277,741	(3,035,374)
Net change in fund balance	13,000	13,000	7,160	(5,840)
Fund balance, July 01, 2019	207,873	207,873	203,601	(4,272)
Fund balance, June 30, 2020	\$ 220,873	\$ 220,873	\$ 210,761	\$ (10,112)

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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, 2020

	Special Revenue	Debt Service	Capital Projects	Totals
<u>ASSETS</u>				
Cash and cash equivalents	\$ 819,370	\$ 30	\$ 5,183,469	\$ 6,002,869
Receivables:				
Accounts	206,245	-	94,453	300,698
Loans	12,500	-	79,135	91,635
Assessments	-	-	37,770	37,770
Taxes	-	2,470	-	2,470
Total assets	\$ 1,038,115	\$ 2,500	\$ 5,394,827	\$ 6,435,442
<u>LIABILITIES</u>				
Accounts payable	\$ 19,502	\$ -	\$ 40,496	\$ 59,998
Other accrued liabilities	16,990	-	-	16,990
Due to other funds	37,189	-	-	37,189
Total liabilities	73,681	-	40,496	114,177
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue-property taxes	-	2,470	-	2,470
Unavailable revenue-loans	12,500	-	-	12,500
Unavailable revenue-sdc notes	-	-	79,135	79,135
Unavailable revenue-special assessments	-	-	37,770	37,770
Total deferred inflows of resources	12,500	2,470	116,905	131,875
<u>FUND BALANCES</u>				
Restricted	209,380	30	5,237,426	5,446,836
Committed	742,554	-	-	742,554
Total fund balances	951,934	30	5,237,426	6,189,390
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,038,115	\$ 2,500	\$ 5,394,827	\$ 6,435,442

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Special Revenue	Debt Service	Capital Projects	Totals
<u>Revenues</u>				
Property taxes	\$ -	\$ 991	\$ -	\$ 991
Other taxes	836,228	-	-	836,228
Licenses and permits	44,676	-	-	44,676
Intergovernmental	284,534	142,916	706,366	1,133,816
Charges for services	586,653	-	756,176	1,342,829
Fines and forfeitures	777	-	-	777
Facilities charge	-	76,513	-	76,513
Pension bond charge	-	274,063	-	274,063
Loan collections - principal	6,778	-	-	6,778
Loan collections - interest	107	-	-	107
Assessments	-	-	9,053	9,053
Donations	28,818	-	-	28,818
Interest	21,914	3,753	98,104	123,771
Miscellaneous	1,348	-	7	1,355
Total revenues	1,811,833	498,236	1,569,706	3,879,775
<u>Expenditures</u>				
Current:				
General government	568,987	-	-	568,987
Public safety	882,212	-	-	882,212
Library	69,839	-	-	69,839
Community development	52,289	-	-	52,289
Debt service:				
Principal	-	709,322	-	709,322
Interest	-	242,232	-	242,232
Capital outlay	7,452	-	1,072,098	1,079,550
Total expenditures	1,580,779	951,554	1,072,098	3,604,431
Excess (deficiency) of revenues over expenditures	231,054	(453,318)	497,608	275,344
<u>Other financing sources (uses)</u>				
Refunds	-	(4,781)	-	(4,781)
Transfers in	-	454,587	-	454,587
Transfers out	(547,086)	(69,466)	(234,529)	(851,081)
Total other financing sources (uses)	(547,086)	380,340	(234,529)	(401,275)
Net change in fund balances	(316,032)	(72,978)	263,079	(125,931)
Fund balances, July 1, 2019	1,267,966	73,008	4,974,347	6,315,321
Fund balances, June 30, 2020	\$ 951,934	\$ 30	\$ 5,237,426	\$ 6,189,390

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SPECIAL REVENUE FUNDS

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

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

- Economic Development
- 911 Emergency
- Civil Forfeiture
- Cable TV
- Library Gift and Memorial
- Public Safety Fee
- Transient Lodging Tax

City of Newberg, Oregon

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2020

	Economic Development	911 Emergency	Civil Forfeiture	Cable TV	Library Gift and Memorial	Public Safety Fee	Transient Lodging Tax	Totals
ASSETS								
Cash and cash equivalents	\$ 751,388	\$ -	\$ 808	\$ -	\$ 40,325	\$ 26,849	\$ -	\$ 819,370
Receivables:								
Accounts	250	102,713	-	-	-	56,854	46,428	206,245
Loans	12,500	-	-	-	-	-	-	12,500
Total assets	\$ 764,138	\$ 102,713	\$ 808	\$ -	\$ 40,325	\$ 83,703	\$ 46,428	\$ 1,038,115
LIABILITIES								
Accounts payable	\$ 8,930	\$ 5,690	\$ -	\$ -	\$ 1,380	\$ -	\$ 3,502	\$ 19,502
Other accrued liabilities	154	3,726	-	-	-	13,110	-	16,990
Due to other funds	-	24,423	-	-	-	-	12,766	37,189
Total liabilities	9,084	33,839	-	-	1,380	13,110	16,268	73,681
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-loans	12,500	-	-	-	-	-	-	12,500
Total deferred inflows of resources	12,500	-	-	-	-	-	-	12,500
FUND BALANCES								
Restricted	-	68,874	808	-	38,945	70,593	30,160	209,380
Committed	742,554	-	-	-	-	-	-	742,554
Total fund balances	742,554	68,874	808	-	38,945	70,593	30,160	951,934
Total liabilities, deferred inflows of resources and fund balances	\$ 764,138	\$ 102,713	\$ 808	\$ -	\$ 40,325	\$ 83,703	\$ 46,428	\$ 1,038,115

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Economic Development	911 Emergency	Civil Forfeiture	Cable TV	Library Gift and Memorial	Public Safety Fee	Transient Lodging Tax	Totals
Revenues								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,228	\$ 836,228
Licenses and permits	44,676	-	-	-	-	-	-	44,676
Intergovernmental	-	277,731	-	-	3,830	2,973	-	284,534
Charges for services	-	-	-	-	-	586,653	-	586,653
Fines and forfeitures	-	-	777	-	-	-	-	777
Loan collections - principal	6,778	-	-	-	-	-	-	6,778
Loan collections - interest	107	-	-	-	-	-	-	107
Donations	-	-	-	-	28,818	-	-	28,818
Interest	15,940	348	4	117	1,050	949	3,506	21,914
Miscellaneous	15	-	-	-	-	-	1,333	1,348
Total revenues	67,516	278,079	781	117	33,698	590,575	841,067	1,811,833
Expenditures								
Current:								
General government	-	-	-	-	-	-	568,987	568,987
Public safety	-	248,280	-	-	-	633,932	-	882,212
Library	-	-	-	-	69,839	-	-	69,839
Community development	52,289	-	-	-	-	-	-	52,289
Capital outlay	-	-	-	7,452	-	-	-	7,452
Total expenditures	52,289	248,280	-	7,452	69,839	633,932	568,987	1,580,779
Excess (deficiency) of revenues over expenditures	15,227	29,799	781	(7,335)	(36,141)	(43,357)	272,080	231,054
Other financing sources (uses)								
Transfers out	(4,199)	-	-	-	-	-	(542,887)	(547,086)
Total other financing sources (uses)	(4,199)	-	-	-	-	-	(542,887)	(547,086)
Net change in fund balances	11,028	29,799	781	(7,335)	(36,141)	(43,357)	(270,807)	(316,032)
Fund balances, July 1, 2019	731,526	39,075	27	7,335	75,086	113,950	300,967	1,267,966
Fund balances, June 30, 2020	\$ 742,554	\$ 68,874	\$ 808	\$ -	\$ 38,945	\$ 70,593	\$ 30,160	\$ 951,934

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Licenses and permits	\$ 48,100	\$ 48,100	\$ 44,676	\$ (3,424)
Loan collections - principal	6,778	6,778	6,778	-
Loan collections - interest	5,507	5,507	107	(5,400)
Interest	19,000	19,000	15,940	(3,060)
Miscellaneous	10	10	15	5
Total revenues	79,395	79,395	67,516	(11,879)
<u>Expenditures</u>				
Planning	161,517	161,517	52,289	109,228
Contingency	135,029	135,029	-	135,029
Total expenditures	296,546	296,546	52,289	244,257
Excess (deficiency) of revenues over expenditures	(217,151)	(217,151)	15,227	232,378
<u>Other financing sources (uses)</u>				
Special payments - loans	(385,724)	(385,724)	-	385,724
Special payments - grants	(14,885)	(14,885)	-	14,885
Transfers out	(4,199)	(4,199)	(4,199)	-
Total other financing sources (uses)	(404,808)	(404,808)	(4,199)	400,609
Net change in fund balance	(621,959)	(621,959)	11,028	632,987
Fund balance, July 01, 2019	621,959	621,959	731,526	109,567
Fund balance, June 30, 2020	\$ -	\$ -	\$ 742,554	\$ 742,554

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 238,706	\$ 266,429	\$ 277,731	\$ 11,302
Interest	135	135	348	213
Total revenues	238,841	266,564	278,079	11,515
<u>Expenditures</u>				
Communications	229,638	257,361	248,280	9,081
Contingency	39,792	39,792	-	39,792
Total expenditures	269,430	297,153	248,280	48,873
Net change in fund balance	(30,589)	(30,589)	29,799	60,388
Fund balance, July 01, 2019	30,589	30,589	39,075	8,486
Fund balance, June 30, 2020	\$ -	\$ -	\$ 68,874	\$ 68,874

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Forfeitures	\$ -	\$ -	\$ 777	\$ 777
Interest	500	500	4	(496)
Total revenues	500	500	781	281
 <u>Expenditures</u>				
Police	13,973	13,973	-	13,973
Total expenditures	13,973	13,973	-	13,973
Net change in fund balance	(13,473)	(13,473)	781	14,254
Fund balance, July 01, 2019	13,473	13,473	27	(13,446)
Fund balance, June 30, 2020	\$ -	\$ -	\$ 808	\$ 808

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 200	\$ 117	\$ 117	\$ -
Total revenues	200	117	117	-
<u>Expenditures</u>				
General government	5,470	7,453	7,452	1
Total expenditures	5,470	7,453	7,452	1
Net change in fund balance	(5,270)	(7,336)	(7,335)	1
Fund balance, July 01, 2019	5,270	7,336	7,335	(1)
Fund balance, June 30, 2020	\$ -	\$ -	\$ -	\$ -

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 61,800	\$ 61,800	\$ 3,830	\$ (57,970)
Donations	58,000	58,000	28,818	(29,182)
Interest	2,000	2,000	1,050	(950)
Total revenues	121,800	121,800	33,698	(88,102)
<u>Expenditures</u>				
Library	190,200	190,200	69,839	120,361
Contingency	32,723	32,723	-	32,723
Total expenditures	222,923	222,923	69,839	153,084
Net change in fund balance	(101,123)	(101,123)	(36,141)	64,982
Fund balance, July 01, 2019	101,123	101,123	75,086	(26,037)
Fund balance, June 30, 2020	\$ -	\$ -	\$ 38,945	\$ 38,945

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ -	\$ -	\$ 2,973	\$ 2,973
Charges for services	584,058	584,058	586,653	2,595
Interest	2,000	2,000	949	(1,051)
Total revenues	586,058	586,058	590,575	4,517
<u>Expenditures</u>				
Police	395,382	395,382	389,417	5,965
Communications	251,818	251,818	244,515	7,303
Contingency	32,681	32,681	-	32,681
Total expenditures	679,881	679,881	633,932	45,949
Net change in fund balance	(93,823)	(93,823)	(43,357)	50,466
Fund balance, July 01, 2019	93,823	93,823	113,950	20,127
Fund balance, June 30, 2020	\$ -	\$ -	\$ 70,593	\$ 70,593

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, 2020

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Other taxes	\$ 1,135,065	\$ 1,135,065	\$ 836,228	\$ (298,837)
Interest	18,500	18,500	3,506	(14,994)
Miscellaneous revenues	-	-	1,333	1,333
Total revenues	1,153,565	1,153,565	841,067	(312,498)
<u>Expenditures</u>				
General government	658,231	658,231	568,987	89,244
Contingency	2,000	2,000	-	2,000
Total expenditures	660,231	660,231	568,987	91,244
Excess (deficiency) of revenues over expenditures	493,334	493,334	272,080	(221,254)
<u>Other financing sources (uses)</u>				
Grants	(30,000)	(30,000)	-	30,000
Transfers out	(738,794)	(738,794)	(542,887)	195,907
Total other financing sources (uses)	(768,794)	(768,794)	(542,887)	225,907
Net change in fund balance	(275,460)	(275,460)	(270,807)	4,653
Fund balance, July 01, 2019	275,460	275,460	300,967	25,507
Fund balance, June 30, 2020	\$ -	\$ -	\$ 30,160	\$ 30,160

DEBT SERVICE FUNDS

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

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

- Debt Service
- City Hall

City of Newberg, Oregon

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

June 30, 2020

	Debt Service	City Hall	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 30	\$ -	\$ 30
Receivables:			
Taxes	2,470	-	2,470
Total assets	\$ 2,500	\$ -	\$ 2,500
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue-property taxes	2,470	-	2,470
Total deferred inflows of resources	2,470	-	2,470
<u>FUND BALANCES</u>			
Restricted	30	-	30
Total fund balances	30	-	30
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,500	\$ -	\$ 2,500

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Debt Service	City Hall	Totals
<u>Revenues</u>			
Property taxes	\$ 991	\$ -	\$ 991
Intergovernmental	142,916	-	142,916
Facilities charge	76,513	-	76,513
Pension bond charge	274,063	-	274,063
Interest	2,168	1,585	3,753
Total revenues	496,651	1,585	498,236
<u>Expenditures</u>			
Debt service:			
Principal	709,322	-	709,322
Interest	242,232	-	242,232
Total expenditures	951,554	-	951,554
Excess (deficiency) of revenues over expenditures	(454,903)	1,585	(453,318)
<u>Other financing sources (uses)</u>			
Refunds	-	(4,781)	(4,781)
Transfers in	454,587	-	454,587
Transfers out	-	(69,466)	(69,466)
Total other financing sources (uses)	454,587	(74,247)	380,340
Net change in fund balances	(316)	(72,662)	(72,978)
Fund balances, July 1, 2019	346	72,662	73,008
Fund balances, June 30, 2020	\$ 30	\$ -	\$ 30

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 1,369	\$ 1,369	\$ 991	\$ (378)
Intergovernmental	142,916	142,916	142,916	-
Facilities charge	76,513	76,513	76,513	-
Pension bond charge	274,063	274,063	274,063	-
Interest	-	-	2,168	2,168
Total revenues	494,861	494,861	496,651	1,790
<u>Expenditures</u>				
Debt service				
Principal	709,322	709,322	709,322	-
Interest	242,232	242,232	242,232	-
Total expenditures	951,554	951,554	951,554	-
Excess (deficiency) of revenues over expenditures	(456,693)	(456,693)	(454,903)	1,790
<u>Other financing sources (uses)</u>				
Transfers in	458,063	458,063	454,587	(3,476)
Total other financing sources (uses)	458,063	458,063	454,587	(3,476)
Net change in fund balance	1,370	1,370	(316)	(1,686)
Fund balance, July 01, 2019	-	-	346	346
Fund balance, June 30, 2020	\$ 1,370	\$ 1,370	\$ 30	\$ (1,340)

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Interest	\$ 500	\$ 500	\$ 1,585	\$ 1,085
Total revenues	500	500	1,585	1,085
Excess of revenues over (under) expenditures	500	500	1,585	1,085
<u>Other financing sources (uses)</u>				
Refunds	(77,753)	(77,753)	(74,297)	3,456
Transfers out	(69,466)	(69,466)	(69,466)	-
Total other financing sources (uses)	(147,219)	(147,219)	(143,763)	3,456
Net change in fund balance	(146,719)	(146,719)	(142,178)	4,541
Fund balance, July 01, 2019	146,719	146,719	142,178	(4,541)
Fund balance, June 30, 2020	\$ -	\$ -	\$ -	\$ -

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CAPITAL PROJECTS FUNDS

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

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

- Street System Development
- Governmental Capital Projects

City of Newberg, Oregon

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2020

	<u>Street System Development</u>	<u>Governmental Capital Projects</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,636,291	\$ 547,178	\$ 5,183,469
Receivables:			
Accounts	94,453	-	94,453
Loans	79,135	-	79,135
Assessments	37,770	-	37,770
Total assets	\$ 4,847,649	\$ 547,178	\$ 5,394,827
<u>LIABILITIES</u>			
Accounts payable	\$ 126	\$ 40,370	\$ 40,496
Total liabilities	126	40,370	40,496
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue-system development charge notes	79,135	-	79,135
Unavailable revenue-special assessments	37,770	-	37,770
Total deferred inflows of resources	116,905	-	116,905
<u>FUND BALANCES</u>			
Restricted	4,730,618	506,808	5,237,426
Total fund balances	4,730,618	506,808	5,237,426
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,847,649	\$ 547,178	\$ 5,394,827

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	<u>Street System Development</u>	<u>Governmental Capital Projects</u>	<u>Totals</u>
<u>Revenues</u>			
Intergovernmental	\$ 411,040	\$ 295,326	\$ 706,366
Charges for services	756,176	-	756,176
Assessments	9,053	-	9,053
Interest	98,104	-	98,104
Miscellaneous	7	-	7
Total revenues	1,274,380	295,326	1,569,706
<u>Expenditures</u>			
Capital outlay	-	1,072,098	1,072,098
Total expenditures	-	1,072,098	1,072,098
 Excess (deficiency) of revenues over expenditures	 1,274,380	 (776,772)	 497,608
<u>Other financing sources (uses)</u>			
Transfers out	(234,529)	-	(234,529)
Total other financing sources (uses)	(234,529)	-	(234,529)
 Net change in fund balances	 1,039,851	 (776,772)	 263,079
Fund balances, July 1, 2019	3,690,767	1,283,580	4,974,347
Fund balances, June 30, 2020	\$ 4,730,618	\$ 506,808	\$ 5,237,426

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 2,500,000	\$ 2,500,000	\$ 756,176	\$ (1,743,824)
Grants	725,000	725,000	411,040	(313,960)
Assessments	3,000	3,000	9,053	6,053
Interest	107,160	107,160	98,104	(9,056)
Miscellaneous	-	-	7	7
Total revenues	3,335,160	3,335,160	1,274,380	(2,060,780)
<u>Expenditures</u>				
Contingency	4,436,644	4,436,644	-	4,436,644
Total expenditures	4,436,644	4,436,644	-	4,436,644
Excess (deficiency) of revenues over expenditures	(1,101,484)	(1,101,484)	1,274,380	2,375,864
<u>Other financing sources (uses)</u>				
Transfers out	(2,370,189)	(2,370,189)	(234,529)	2,135,660
Total other financing sources (uses)	(2,370,189)	(2,370,189)	(234,529)	2,135,660
Net change in fund balance	(3,471,673)	(3,471,673)	1,039,851	4,511,524
Fund balance, July 01, 2019	3,471,673	3,471,673	3,690,767	219,094
Fund balance, June 30, 2020	\$ -	\$ -	\$ 4,730,618	\$ 4,730,618

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, 2020

	Budget		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Grants	\$ 770,627	\$ 770,627	\$ 295,326	\$ (475,301)
Total revenues	770,627	770,627	295,326	(475,301)
<u>Expenditures</u>				
Capital outlay	2,318,764	2,318,764	1,072,098	1,246,666
Total expenditures	2,318,764	2,318,764	1,072,098	1,246,666
Excess (deficiency) of revenues over expenditures	(1,548,137)	(1,548,137)	(776,772)	771,365
Net change in fund balance	(1,548,137)	(1,548,137)	(776,772)	771,365
Fund balance, July 01, 2019	1,548,137	1,548,137	1,283,580	(264,557)
Fund balance, June 30, 2020	\$ -	\$ -	\$ 506,808	\$ 506,808

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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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for services	\$ 6,102,582	\$ 6,102,582	\$ 5,828,204	\$ (274,378)
Grants	-	-	28,797	28,797
Interest	315,000	315,000	268,865	(46,135)
Miscellaneous	29,200	29,200	48,737	19,537
Total revenues	6,446,782	6,446,782	6,174,603	(272,179)
<u>Expenditures</u>				
Public works	4,326,811	4,326,811	4,044,912	281,899
Debt service:				
Principal	359,564	359,564	359,564	-
Interest	54,886	54,886	54,886	-
Contingency	3,297,648	3,145,648	-	3,145,648
Total expenditures	8,038,909	7,886,909	4,459,362	3,427,547
Excess (deficiency) of revenues over expenditures	(1,592,127)	(1,440,127)	1,715,241	3,155,368
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	900	900
Transfers In	36,982	36,982	36,982	-
Transfers Out	(6,250,900)	(6,402,900)	(759,885)	5,643,015
Total other financing sources (uses)	(6,213,918)	(6,365,918)	(722,003)	5,643,915
Net change in fund balance	(7,806,045)	(7,806,045)	993,238	8,799,283
Fund balance, July 1, 2019	12,487,952	12,487,952	12,543,775	55,823
Fund balance, June 30, 2020	\$ 4,681,907	\$ 4,681,907	\$13,537,013	\$ 8,855,106

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 1,000,000	\$ 1,000,000	\$ 408,815	\$ (591,185)
Assessments	900	900	2,517	1,617
Interest	8,795	8,795	5,623	(3,172)
Miscellaneous	-	-	8	8
Total revenues	1,009,695	1,009,695	416,963	(592,732)
<u>Expenditures</u>				
Debt service:				
Principal	623,863	623,863	623,863	-
Interest	180,060	180,060	180,060	-
Contingency	388,910	388,910	-	388,910
Total expenditures	1,192,833	1,192,833	803,923	388,910
Excess (deficiency) of revenues over expenditures	(183,138)	(183,138)	(386,960)	(203,822)
<u>Other financing sources (uses)</u>				
Transfers in	-	-	142,318	142,318
Total other financing sources (uses)	-	-	142,318	142,318
Net change in fund balance	(183,138)	(183,138)	(244,642)	(61,504)
Fund balance, July 1, 2019	183,138	183,138	244,642	61,504
Fund balance, June 30, 2020	\$ -	\$ -	\$ -	\$ -

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 8,490,597	\$ 8,490,597	\$ 8,806,953	\$ 316,356
Grant	-	-	42,849	42,849
Interest	300,500	300,500	242,556	(57,944)
Miscellaneous	10,800	10,800	18,838	8,038
Total revenues	8,801,897	8,801,897	9,111,196	309,299
<u>Expenditures</u>				
Public works	6,341,872	6,341,872	5,605,149	736,723
Debt service:				
Principal	1,203,907	1,203,907	1,203,907	-
Interest	444,499	444,499	444,499	-
Contingency	3,003,876	3,003,876	-	3,003,876
Total expenditures	10,994,154	10,994,154	7,253,555	3,740,599
Excess (deficiency) of revenues over expenditures	(2,192,257)	(2,192,257)	1,857,641	4,049,898
<u>Other financing sources (uses)</u>				
Special payments - loans	(50,000)	(50,000)	-	50,000
Sale of capital assets	-	-	1,816	1,816
Transfers out	(3,132,600)	(3,132,600)	(917,860)	2,214,740
Total other financing sources (uses)	(3,182,600)	(3,182,600)	(916,044)	2,266,556
Net change in fund balance	(5,374,857)	(5,374,857)	941,597	6,316,454
Fund balance, July 1, 2019	10,633,398	10,633,398	11,636,525	1,003,127
Fund balance, June 30, 2020	\$ 5,258,541	\$ 5,258,541	\$12,578,122	\$ 7,319,581

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 1,800,000	\$ 1,800,000	\$ 818,150	\$ (981,850)
Assessments	-	-	2,201	2,201
Interest	182,273	182,273	154,939	(27,334)
Miscellaneous	-	-	9	9
Total revenues	1,982,273	1,982,273	975,299	(1,006,974)
<u>Expenditures</u>				
Debt service:				
Principal	130,398	130,398	130,398	-
Interest	79,666	79,666	79,666	-
Contingency	6,302,862	6,302,862	-	6,302,862
Total expenditures	6,512,926	6,512,926	210,064	6,302,862
Excess (deficiency) of revenues over expenditures	(4,530,653)	(4,530,653)	765,235	5,295,888
<u>Other financing sources (uses)</u>				
Transfers out	(1,838,400)	(1,838,400)	(289,721)	1,548,679
Total other financing sources (uses)	(1,838,400)	(1,838,400)	(289,721)	1,548,679
Net change in fund balance	(6,369,053)	(6,369,053)	475,514	6,844,567
Fund balance, July 1, 2019	6,369,053	6,369,053	6,629,076	260,023
Fund balance, June 30, 2020	\$ -	\$ -	\$ 7,104,590	\$ 7,104,590

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Charges for services	\$ 1,802,978	\$ 1,802,978	\$ 1,855,906	\$ 52,928
Grant	-	-	15,967	15,967
Interest	18,000	18,000	23,707	5,707
Miscellaneous	-	-	29	29
Total revenues	1,820,978	1,820,978	1,895,609	74,631
<u>Expenditures</u>				
Public works	1,543,092	1,543,092	1,391,129	151,963
Contingency	1,025,989	1,025,989	-	1,025,989
Total expenditures	2,569,081	2,569,081	1,391,129	1,177,952
Excess (deficiency) of revenues over expenditures	(748,103)	(748,103)	504,480	1,252,583
<u>Other financing sources (uses)</u>				
Sale of capital assets	-	-	900	900
Transfers out	(175,500)	(175,500)	(69,345)	106,155
Total other financing sources (uses)	(175,500)	(175,500)	(68,445)	107,055
Net change in fund balance	(923,603)	(923,603)	436,035	1,359,638
Fund balance, July 1, 2019	923,603	923,603	1,039,358	115,755
Fund balance, June 30, 2020	\$ -	\$ -	\$ 1,475,393	\$ 1,475,393

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Development fees	\$ 75,000	\$ 75,000	\$ 28,752	\$ (46,248)
Interest	4,800	4,800	4,568	(232)
Other	-	-	7	7
Total revenues	79,800	79,800	33,327	(46,473)
<u>Expenditures</u>				
Contingency	194,361	194,361	-	194,361
Total expenditures	194,361	194,361	-	194,361
Excess (deficiency) of revenues over expenditures	(114,561)	(114,561)	33,327	147,888
<u>Other financing sources (uses)</u>				
Transfers out	(61,500)	(61,500)	(9,024)	52,476
Total other financing sources (uses)	(61,500)	(61,500)	(9,024)	52,476
Net change in fund balance	(176,061)	(176,061)	24,303	200,364
Fund balance, July 1, 2019	190,295	190,295	197,159	6,864
Fund balance, June 30, 2020	\$ 14,234	\$ 14,234	\$ 221,462	\$ 207,228

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Expenditures</u>				
Capital outlay	\$ 11,458,900	\$ 11,458,900	\$ 1,903,517	\$ 9,555,383
Total expenditures	11,458,900	11,458,900	1,903,517	9,555,383
Excess (deficiency) of revenues over expenditures	(11,458,900)	(11,458,900)	(1,903,517)	9,555,383
<u>Other financing sources (uses)</u>				
Transfers in	11,458,900	11,458,900	1,903,517	(9,555,383)
Total other financing sources (uses)	11,458,900	11,458,900	1,903,517	(9,555,383)
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2019	-	-	-	-
Fund balance, June 30, 2020	\$ -	\$ -	\$ -	\$ -

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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, 2020

Fund	Water		Wastewater	
	Revenues	Expenditures	Revenues	Expenditures
Water	\$ 6,174,603	\$ 4,459,362	\$ -	\$ -
Water System Development	416,963	803,923	-	-
Wastewater	-	-	9,111,196	7,253,555
Wastewater System Development	-	-	975,299	210,064
Stormwater	-	-	-	-
Stormwater System Development	-	-	-	-
Proprietary Capital Projects	-	617,567	-	1,207,581
Total revenues and expenditures (budgetary basis)	6,591,566	5,880,852	10,086,495	8,671,200
<u>Adjustments</u>				
Depreciation	-	1,355,453	-	2,802,531
Contributed capital	(408,815)	-	(818,150)	-
Gain on sale of capital assets	900	-	1,816	-
Principal payments	-	(983,427)	-	(1,334,305)
Interest accrual	-	(30,149)	-	(48,613)
Assessment receivable collections	(2,517)	-	(2,201)	-
Expenditures capitalized	-	(344,828)	-	(1,133,629)
Change in compensated absences	-	6,419	-	223
Change in unavailable revenue	1,009	-	1,358	-
Change in pension related activities	-	(25,619)	-	386,504
Change in other postemployment benefit related activities	-	4,061	-	6,271
Total revenues and expenses (accrual basis)	6,182,143	5,862,762	9,269,318	9,350,182
Net income (loss) before contributions and transfers		\$ 319,381		\$ (80,864)

Stormwater		Totals	
Revenues	Expenditures	Revenues	Expenditures
\$ -	\$ -	\$ 6,174,603	\$ 4,459,362
-	-	416,963	803,923
-	-	9,111,196	7,253,555
-	-	975,299	210,064
1,895,609	1,391,129	1,895,609	1,391,129
33,327	-	33,327	-
-	78,369	-	1,903,517
<hr/>	<hr/>	<hr/>	<hr/>
1,928,936	1,469,498	18,606,997	16,021,550
-	330,190	-	4,488,174
(28,752)	-	(1,255,717)	-
900	-	3,616	-
-	-	-	(2,317,732)
-	-	-	(78,762)
-	-	(4,718)	-
-	(53,635)	-	(1,532,092)
-	11,933	-	18,575
-	-	2,367	-
-	55,347	-	416,232
-	2,269	-	12,601
<hr/>	<hr/>	<hr/>	<hr/>
1,901,084	1,815,602	17,352,545	17,028,546
	<u>\$ 85,482</u>		<u>\$ 323,999</u>

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INTERNAL SERVICE FUNDS

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

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

- Administrative Support Services
- Vehicle/Equipment Replacement

Reconciliation of Revenues and Expenditures (budgetary basis) to Revenues and Expenses (accrual basis)

City of Newberg, Oregon

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS

June 30, 2020

	<u>Administrative Support Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Totals</u>
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and investments	\$ 1,881,655	\$ 3,035,005	\$ 4,916,660
Accounts and other receivables	14,618	-	14,618
Inventory	21,646	-	21,646
Total current assets	1,917,919	3,035,005	4,952,924
<u>Noncurrent assets</u>			
Other postemployment benefits asset	17,415	-	17,415
Construction in progress	-	97,655	97,655
Capital assets, net of depreciation	312,574	1,875,476	2,188,050
Total noncurrent assets	329,989	1,973,131	2,303,120
Total assets	2,247,908	5,008,136	7,256,044
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	1,417,375	-	1,417,375
Other post-employment benefit related items	7,751	-	7,751
Total deferred outflows of resources	1,425,126	-	1,425,126
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	143,002	34,432	177,434
Utility Billing Assistance Donation Payable	17,685	-	17,685
Payroll payables	1,069,195	-	1,069,195
Compensated absences	240,022	-	240,022
Current portion of capital leases payable	-	49,676	49,676
Total current liabilities	1,469,904	84,108	1,554,012
<u>Long-term obligations</u>			
Notes payable, net of current portion	-	25,499	25,499
Net pension liability	4,556,174	-	4,556,174
Other postemployment benefits obligation	132,936	-	132,936
Total long-term obligations	4,689,110	25,499	4,714,609
Total liabilities	6,159,014	109,607	6,268,621
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	658,239	-	658,239
Other post-employment benefit related items	9,948	-	9,948
Total deferred inflows of resources	668,187	-	668,187
<u>NET POSITION</u>			
Net investment in capital assets	312,574	1,800,301	2,112,875
Unrestricted	(3,466,741)	3,098,228	(368,513)
Total net position	\$ (3,154,167)	\$ 4,898,529	\$ 1,744,362

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	<u>Administrative Support Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Totals</u>
<u>Operating revenues</u>			
Internal service charge	\$ 5,575,662	\$ 1,021,471	\$ 6,597,133
Charges for services	33,890	19,384	53,274
Miscellaneous	872	4,374	5,246
Total operating revenues	5,610,424	1,045,229	6,655,653
<u>Operating expenses</u>			
Personal services	2,988,693	-	2,988,693
Materials and services	2,197,751	1,160	2,198,911
Depreciation	38,697	421,673	460,370
Total operating expenses	5,225,141	422,833	5,647,974
Operating income (loss)	385,283	622,396	1,007,679
<u>Nonoperating revenues (expenses)</u>			
Interest	32,362	60,873	93,235
Grants	52,957	-	52,957
Gain (loss) on sale of capital assets	60	35,247	35,307
Total nonoperating revenues (expenses)	85,379	96,120	181,499
Income (loss) before transfers	470,662	718,516	1,189,178
Transfers out	(3,362)	-	(3,362)
Change in net position	467,300	718,516	1,185,816
Total net position, July 1, 2019	(3,621,467)	4,180,013	558,546
Total net position, June 30, 2020	\$ (3,154,167)	\$ 4,898,529	\$ 1,744,362

City of Newberg, Oregon

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2020

	Administrative Support Services	Vehicle/ Equipment Replacement	Totals
<u>Cash flows from operating activities</u>			
Cash received from other funds	\$ 5,596,488	\$ 1,040,855	\$ 6,637,343
Cash paid to suppliers	(2,129,667)	2,772	(2,126,895)
Cash paid to employees	(2,966,872)	-	(2,966,872)
Other receipts	872	4,374	5,246
Net cash provided by operating activities	500,821	1,048,001	1,548,822
<u>Cash flows from noncapital financing activities</u>			
Transfers out	(3,362)	-	(3,362)
Net cash provided by (used in) noncapital financing activities	(3,362)	-	(3,362)
<u>Cash flows from capital and related financing activities</u>			
Sale of capital assets	60	35,247	35,307
Grants	52,957	-	52,957
Principal paid on long-term obligations	-	(47,963)	(47,963)
Purchase of capital assets	(189,998)	(617,036)	(807,034)
Net cash provided by (used in) capital and related financing activities	(136,981)	(629,752)	(766,733)
<u>Cash flows from investing activities</u>			
Interest received on investments	32,362	60,873	93,235
Net cash provided by investing activities	32,362	60,873	93,235
Net increase (decrease) in cash	392,840	479,122	871,962
Cash and investments, July 1, 2019	1,488,815	2,555,883	4,044,698
Cash and investments, June 30, 2020	\$ 1,881,655	\$ 3,035,005	\$ 4,916,660

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

Operating income (loss)	\$ 385,283	\$ 622,396	\$ 1,007,679
-------------------------	------------	------------	--------------

Adjustments to reconcile operating income (loss) to net cash
provided by operating activities:

Depreciation and amortization	38,697	421,673	460,370
(Increase) decrease in OPEB related items	7,625	-	7,625
(Increase) decrease in accounts receivable	(13,064)	-	(13,064)
(Increase) decrease in inventory	699	-	699
Increase (decrease) in accounts payable	49,700	3,932	53,632
Increase (decrease) in utility billing assistance donation payable	17,685	-	17,685
Increase (decrease) in payroll payable	162,246	-	162,246
Increase (decrease) in compensated absences	26,548	-	26,548
Increase (decrease) in pension related items	(174,598)	-	(174,598)
Net cash provided by operating activities	\$ 500,821	\$ 1,048,001	\$ 1,548,822

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, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Internal service charges	\$ 5,542,052	\$ 5,702,052	\$ 5,575,662	\$ (126,390)
Intergovernmental	6,431	6,431	10,022	3,591
Charges for services	15,100	15,100	23,868	8,768
Grants	-	-	52,957	52,957
Interest	37,500	37,500	32,362	(5,138)
Miscellaneous	-	-	872	872
Total revenues	5,601,083	5,761,083	5,695,743	(65,340)
<u>Expenditures</u>				
Departmental:				
City manager	878,343	878,343	808,761	69,582
Finance	1,245,128	1,405,128	1,339,782	65,346
General office	248,372	260,000	255,299	4,701
Information services	1,371,239	1,371,239	1,228,164	143,075
Legal	502,567	502,567	481,054	21,513
Public works	1,066,602	1,066,602	1,003,584	63,018
Insurance	380,835	443,835	400,223	43,612
Contingency	286,853	212,225	-	212,225
Total expenditures	5,979,939	6,139,939	5,516,867	623,072
Excess (deficiency) of revenues over expenditures	(378,856)	(378,856)	178,876	557,732
<u>Other financing sources (uses)</u>				
Transfers out	(3,362)	(3,362)	(3,362)	-
Proceeds from sale of capital assets	-	-	60	60
Total other financing sources (uses)	(3,362)	(3,362)	(3,302)	60
Net change in fund balance	(382,218)	(382,218)	175,574	557,792
Fund balance, July 1, 2019	382,218	382,218	512,463	130,245
Fund balance, June 30, 2020	\$ -	\$ -	\$ 688,037	\$ 688,037

City of Newberg, Oregon

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<u>Revenues</u>				
Internal service charges	\$ 1,021,471	\$ 1,021,471	\$ 1,021,471	\$ -
Charges for services	3,100	3,100	19,384	16,284
Interest	62,600	62,600	60,873	(1,727)
Miscellaneous	-	-	4,374	4,374
Total revenues	1,087,171	1,087,171	1,106,102	18,931
<u>Expenditures</u>				
Departmental:				
Manager	1,558	1,558	-	1,558
Human resources	1,075	1,075	-	1,075
Finance	39,295	39,295	-	39,295
Municipal court	4,371	4,371	953	3,418
Information technology	60,858	60,858	51,901	8,957
Legal	450	450	-	450
Police	612,183	612,183	177,031	435,152
Communications	195,655	195,655	39,739	155,916
Library	16,548	16,548	3,264	13,284
Building inspection	33,038	33,038	-	33,038
Public works	1,758,852	1,758,852	246,091	1,512,761
Facilities repair/maintenance	375,480	375,480	174,472	201,008
Total expenditures	3,102,525	3,102,525	693,451	2,409,074
Excess (deficiency) of revenues over expenditures	(2,015,354)	(2,015,354)	412,651	2,428,005
<u>Other financing sources</u>				
Sale of capital assets	-	-	35,247	35,247
Total other financing sources	-	-	35,247	35,247
Net change in fund balance	(2,015,354)	(2,015,354)	447,898	2,463,252
Fund balance, July 1, 2019	2,015,354	2,015,354	2,552,675	537,321
Fund balance, June 30, 2020	\$ -	\$ -	\$ 3,000,573	\$ 3,000,573

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, 2020

Fund	Administrative Support Services		Vehicle/ Equipment Replacement		Totals	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
Administrative Support Services	\$ 5,695,743	\$ 5,516,867	\$ -	\$ -	\$ 5,695,743	\$ 5,516,867
Vehicle/Equipment Replacement	-	-	1,106,102	693,451	1,106,102	693,451
Total revenues and expenditures (budgetary basis)	5,695,743	5,516,867	1,106,102	693,451	6,801,845	6,210,318
Adjustments						
Depreciation	-	38,697	-	421,673	-	460,370
Expenditures capitalized	-	(189,998)	-	(644,328)	-	(834,326)
Change in compensated absences	-	26,548	-	-	-	26,548
Change in other postemployment benefit related items	-	7,625	-	-	-	7,625
Change in pension related items	-	(174,598)	-	-	-	(174,598)
Payment of capital lease principal	-	-	-	(47,963)	-	(47,963)
Gain (loss) on sale of capital assets	60	-	35,247	-	35,307	-
Total revenues and expenses (accrual basis)	5,695,803	5,225,141	1,141,349	422,833	6,837,152	5,647,974
Net income before transfers		\$ 470,662		\$ 718,516		\$ 1,189,178

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AGENCY FUND

Statement of Changes in Assets and Liabilities

- Bail Fund

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City of Newberg, Oregon

AGENCY FUND - BAIL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2020

	Balances			Balances
<u>ASSETS</u>	7/1/2019	Additions	Deductions	6/30/2020
Cash	\$ 73,604	\$ 661,734	\$ 660,445	\$ 74,893
<u>LIABILITIES</u>				
Accounts payable	\$ 8,558	\$ 88,526	\$ 90,779	\$ 6,305
Due to others	65,046	3,747	205	68,588
Total liabilities	\$ 73,604	\$ 92,273	\$ 90,984	\$ 74,893

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Other Financial Schedules

- 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, 2020

<u>Levy Year</u>	<u>Taxes Uncollected July 1, 2019</u>	<u>Levy As Extended By Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Charged</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax Collected</u>	<u>Taxes Uncollected June 30, 2020</u>
2019-20	\$ -	\$ 5,248,722	\$ (136,494)	\$ 1,880	\$ (22,160)	\$ (4,973,576)	\$ 118,372
2018-19	128,968	-	13	3,822	(9,323)	(79,930)	43,550
2017-18	109,975	-	31	5,440	(10,092)	(56,848)	48,506
2016-17	67,407	-	4	6,687	(8,584)	(44,612)	20,902
2015-16	22,591	-	-	3,893	(9,824)	(9,179)	7,481
Prior to 2015	35,471	-	-	2,907	(907)	(8,133)	29,338
Totals	\$ 364,412	\$ 5,248,722	\$ (136,446)	\$ 24,629	\$ (60,890)	\$ (5,172,278)	\$ 268,149

<u>Fund</u>	<u>Revenue</u>			<u>Receivable June 30, 2020</u>
	<u>Current Levy</u>	<u>Prior Years</u>	<u>Total</u>	
General	\$ 4,973,576	\$ 197,711	\$ 5,171,287	\$ 265,679
Debt Service	-	991	991	2,470
Totals	\$ 4,973,576	\$ 198,702	\$ 5,172,278	\$ 268,149

City of Newberg, Oregon

OUTSTANDING OBLIGATIONS

June 30, 2020

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	\$ 1,895,000
ODOT-OTIB Loan*	7/1/13	1/25/36	2,783,490	1,777,706
2015 Refunding Bonds**	6/29/15	12/1/25	11,616,270	4,865,173
2018 Communications Upgrade Financing Agreement	3/29/18	6/1/28	3,197,301	2,642,043
Total Full Faith and Credit Obligations			<u>20,317,061</u>	<u>11,179,922</u>
Revenue Obligations				
Notes Payable, Public Works, Business Oregon**	5/31/07	12/1/28	8,525,632	4,634,849
Clean Water State Revolving Loan, Public Works, DEQ	2/14/11***	4/1/36	24,810,545	20,041,322
Total Revenue Obligations			<u>33,336,177</u>	<u>24,676,171</u>
Capital Leases				
Computer Storage	7/24/18	7/24/21	146,496	75,175
Total Capital Leases			<u>146,496</u>	<u>75,175</u>
Total Outstanding Obligations			<u>\$ 53,799,734</u>	<u>\$ 35,931,268</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 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how financial performance has changed over time.	140
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, which is property taxes.	150
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.	155
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.	161
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.	163

City of Newberg, Oregon

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities					
Net investment in capital assets*	\$ 71,853,007	\$ 72,772,287	\$ 72,713,803	\$ 74,161,008	\$ 73,333,280
Restricted	4,552,371	4,027,009	4,031,753	4,025,054	5,698,807
Unrestricted*	<u>4,089,120</u>	<u>4,119,630</u>	<u>4,556,067</u>	<u>3,006,288</u>	<u>(4,946,877)</u>
Total governmental activities net position	<u>80,494,498</u>	<u>80,918,926</u>	<u>81,301,623</u>	<u>81,192,350</u>	<u>74,085,210</u>
Business-type activities					
Net investment in capital assets	46,835,580	46,213,627	45,140,069	50,349,199	47,953,509
Restricted	2,989,978	2,281,995	2,614,036	3,324,341	4,306,900
Unrestricted	<u>9,836,775</u>	<u>13,214,045</u>	<u>16,978,006</u>	<u>14,741,960</u>	<u>18,042,289</u>
Total business-type activities net of related debt	<u>59,662,333</u>	<u>61,709,667</u>	<u>64,732,111</u>	<u>68,415,500</u>	<u>70,302,698</u>
Total government					
Net investment in capital assets	118,688,587	118,985,914	117,853,872	124,510,207	121,286,789
Restricted	7,542,349	6,309,004	6,645,789	7,349,395	10,005,707
Unrestricted	<u>13,925,895</u>	<u>17,333,675</u>	<u>21,534,073</u>	<u>17,748,248</u>	<u>13,095,412</u>
Total government net position	<u>\$ 140,156,831</u>	<u>\$ 142,628,593</u>	<u>\$ 146,033,734</u>	<u>\$ 149,607,850</u>	<u>\$ 144,387,908</u>

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

Fiscal Year				
2016	2017	2018	2019	2020
\$ 73,904,455	\$ 73,936,943	\$ 75,051,501	\$ 72,704,092	\$ 74,213,353
5,602,325	5,569,797	7,522,090	9,774,136	9,099,013
(9,185,414)	(10,058,023)	(10,896,899)	(10,229,070)	(12,433,891)
<u>70,321,366</u>	<u>69,448,717</u>	<u>71,676,692</u>	<u>72,249,158</u>	<u>70,878,475</u>
50,238,503	51,252,029	54,630,631	56,059,282	56,781,935
5,516,693	5,785,305	6,417,821	7,070,877	7,408,204
16,783,799	16,913,651	18,088,071	20,555,164	23,141,093
<u>72,538,995</u>	<u>73,950,985</u>	<u>79,136,523</u>	<u>83,685,323</u>	<u>87,331,232</u>
124,142,958	125,188,972	129,682,132	128,763,374	130,995,288
11,119,018	11,355,102	13,939,911	16,845,013	16,507,217
7,598,385	6,855,628	7,191,172	10,326,094	10,707,202
<u>\$ 142,860,361</u>	<u>\$ 143,399,702</u>	<u>\$ 150,813,215</u>	<u>\$ 155,934,481</u>	<u>\$ 158,209,707</u>

City of Newberg, Oregon

CHANGES IN NET POSITION

Last Ten Fiscal Years
(Accrual basis of accounting)

Expenses	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
General government	\$ 417,234	\$ 411,536	\$ 436,083	\$ 499,907	\$ 422,183
Public safety	9,683,875	9,871,835	10,152,102	10,863,373	9,155,182
Library	1,186,342	1,183,478	1,174,400	1,190,740	1,196,717
Community development	3,608,329	3,324,353	3,297,494	3,891,844	3,698,872
Interest on long-term debt	378,151	353,888	341,909	83,029	234,723
Total governmental activities expenses	<u>15,273,931</u>	<u>15,145,090</u>	<u>15,401,988</u>	<u>16,528,893</u>	<u>14,707,677</u>
Business-type activities:					
Water	4,707,573	4,742,088	4,329,778	4,375,856	4,179,182
Wastewater	5,294,525	5,150,703	5,269,139	5,380,122	5,616,297
Stormwater	912,775	896,620	1,100,967	1,033,464	1,121,214
EMS	1,359,094	1,345,821	1,381,016	1,512,335	1,533,734
Total business-type activities expenses	<u>12,273,967</u>	<u>12,135,232</u>	<u>12,080,900</u>	<u>12,301,777</u>	<u>12,450,427</u>
Total government expenses	<u>\$ 27,547,898</u>	<u>\$ 27,280,322</u>	<u>\$ 27,482,888</u>	<u>\$ 28,830,670</u>	<u>\$ 27,158,104</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 203,527	\$ 184,110	\$ 204,820	\$ 372,919	\$ 1,000,426
Public safety	1,927,700	1,880,349	1,858,515	2,025,314	2,078,460
Library	121,091	104,548	109,537	106,931	153,649
Community development	909,194	1,258,592	1,334,617	1,329,636	1,890,405
Operating grants and contributions	1,225,730	1,247,155	1,258,935	1,602,797	1,522,076
Capital grants and contributions	1,515,682	778,224	777,117	770,008	-
Total governmental activities program revenues	<u>5,902,924</u>	<u>5,452,978</u>	<u>5,543,541</u>	<u>6,207,605</u>	<u>6,645,016</u>
Business-type activities:					
Charges for services:					
Water	4,271,320	4,628,754	4,744,342	5,024,743	6,055,711
Wastewater	5,718,881	6,541,498	6,590,995	6,809,455	8,593,486
Stormwater	673,550	776,785	866,371	1,098,072	1,186,699
EMS	1,211,671	1,291,679	1,447,325	1,599,863	1,960,321
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	920,964	761,804	1,336,257	1,097,561	1,833,719
Total business-type activities program revenues	<u>12,796,386</u>	<u>14,000,520</u>	<u>14,985,290</u>	<u>15,629,694</u>	<u>19,629,936</u>
Total government program revenues	<u>\$ 18,699,310</u>	<u>\$ 19,453,498</u>	<u>\$ 20,528,831</u>	<u>\$ 21,837,299</u>	<u>\$ 26,274,952</u>

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Fiscal Year				
2016	2017	2018	2019	2020
\$ 632,904	\$ 614,756	\$ 456,661	\$ 1,030,070	\$ 1,071,596
14,665,091	13,566,131	14,122,328	9,157,630	10,165,181
1,418,213	1,641,950	1,880,375	1,837,917	1,997,293
4,956,971	4,637,468	6,051,823	6,020,860	6,989,573
232,287	220,534	190,013	277,987	211,036
<u>21,905,466</u>	<u>20,680,839</u>	<u>22,701,200</u>	<u>18,324,464</u>	<u>20,434,679</u>
4,519,569	4,764,433	5,091,557	5,332,789	5,530,125
6,189,926	8,118,983	9,015,163	8,351,624	8,980,793
1,823,882	1,999,951	1,474,100	1,449,335	1,751,662
2,327,754	896,225	305,867	36,231	-
<u>14,861,131</u>	<u>15,779,592</u>	<u>15,886,687</u>	<u>15,169,979</u>	<u>16,262,580</u>
<u>\$ 36,766,597</u>	<u>\$ 36,460,431</u>	<u>\$ 38,587,887</u>	<u>\$ 33,494,443</u>	<u>\$ 36,697,259</u>
\$ 1,069,564	\$ 1,097,664	\$ 1,164,740	\$ 1,492,422	\$ 1,505,749
2,107,389	1,984,542	2,036,208	1,758,612	1,756,387
106,993	125,236	114,132	123,031	105,103
1,903,759	2,094,345	3,282,887	2,989,347	2,429,995
1,597,758	1,654,806	1,807,470	2,271,638	1,949,217
206,672	1,117,673	3,549,009	2,603,568	2,115,397
<u>6,992,135</u>	<u>8,074,266</u>	<u>11,954,446</u>	<u>11,238,618</u>	<u>9,861,848</u>
5,456,414	5,393,100	6,005,357	6,163,544	5,877,950
7,367,995	7,724,042	8,165,355	8,502,636	8,827,149
1,292,069	1,464,203	1,545,965	1,694,657	1,855,942
2,225,533	354,158	26,618	-	-
-	-	-	-	87,613
<u>1,082,540</u>	<u>2,285,508</u>	<u>4,296,733</u>	<u>2,801,688</u>	<u>2,522,324</u>
<u>17,424,551</u>	<u>17,221,011</u>	<u>20,040,028</u>	<u>19,162,525</u>	<u>19,170,978</u>
<u>\$ 24,416,686</u>	<u>\$ 25,295,277</u>	<u>\$ 31,994,474</u>	<u>\$ 30,401,143</u>	<u>\$ 29,032,826</u>

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City of Newberg, Oregon

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Net (Expense)/Revenue					
Governmental activities	\$ (9,371,007)	\$ (9,692,112)	\$ (9,858,447)	\$ (10,321,288)	\$ (8,062,661)
Business-type activities	522,419	1,865,288	2,904,390	3,327,917	7,179,509
Total government net (expense)/revenue	<u>\$ (8,848,588)</u>	<u>\$ (7,826,824)</u>	<u>\$ (6,954,057)</u>	<u>\$ (6,993,371)</u>	<u>\$ (883,152)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 6,671,777	\$ 6,855,630	\$ 6,949,123	\$ 7,018,803	\$ 7,426,611
Franchise and public service taxes	2,889,224	3,119,051	2,325,471	3,285,287	2,994,336
Interest and investment earnings	45,373	45,339	53,407	59,666	53,041
Other revenues	38,653	175,632	45,486	31,831	21,498
Special items	-	-	-	-	-
Transfers	3,361	(79,112)	(21,078)	(22,853)	(227,840)
Total governmental activities	<u>9,648,388</u>	<u>10,116,540</u>	<u>9,352,409</u>	<u>10,372,734</u>	<u>10,267,646</u>
Business-type activities:					
Interest and investment earnings	58,772	67,729	92,954	106,089	115,218
Other revenues	5,000	35,205	4,022	65,818	(79,234)
Special items	-	-	-	-	-
Transfers	(3,361)	79,112	21,078	22,853	227,840
Total business-type activities	<u>60,411</u>	<u>182,046</u>	<u>118,054</u>	<u>194,760</u>	<u>263,824</u>
Total primary government	<u>\$ 9,708,799</u>	<u>\$ 10,298,586</u>	<u>\$ 9,470,463</u>	<u>\$ 10,567,494</u>	<u>\$ 10,531,470</u>
Change in Net Position					
Governmental activities	\$ 277,381	\$ 424,428	\$ (506,038)	\$ 51,446	\$ 2,204,985
Business-type activities	582,830	2,047,334	3,022,444	3,522,677	7,443,333
Total primary government	<u>\$ 860,211</u>	<u>\$ 2,471,762</u>	<u>\$ 2,516,406</u>	<u>\$ 3,574,123</u>	<u>\$ 9,648,318</u>

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Fiscal Year				
2016	2017	2018	2019	2020
\$ (14,913,331)	\$ (12,606,573)	\$ (10,746,754)	\$ (7,085,846)	\$ (10,572,831)
2,563,420	1,441,419	4,153,341	3,992,546	2,908,398
<u>\$ (12,349,911)</u>	<u>\$ (11,165,154)</u>	<u>\$ (6,593,413)</u>	<u>\$ (3,093,300)</u>	<u>\$ (7,664,433)</u>
\$ 7,629,811	\$ 7,654,999	\$ 7,873,043	\$ 4,598,319	\$ 5,076,014
3,400,088	3,625,530	3,997,659	3,968,873	3,700,543
73,928	127,580	257,864	461,112	389,270
43,168	27,251	15,620	360,506	69,941
-	-	-	(1,940,134)	-
(2,458)	298,564	337,773	187,754	(33,620)
<u>11,144,537</u>	<u>11,733,924</u>	<u>12,481,959</u>	<u>7,636,430</u>	<u>9,202,148</u>
167,226	288,095	464,392	761,810	700,258
3,990	(18,960)	2,909	1,010	3,633
-	-	788,650	(26,049)	-
2,458	(298,564)	(337,773)	(187,754)	33,620
<u>173,674</u>	<u>(29,429)</u>	<u>918,178</u>	<u>549,017</u>	<u>737,511</u>
<u>\$ 11,318,211</u>	<u>\$ 11,704,495</u>	<u>\$ 13,400,137</u>	<u>\$ 8,185,447</u>	<u>\$ 9,939,659</u>
\$ (3,768,794)	\$ (872,649)	\$ 1,735,205	\$ 550,584	\$ (1,370,683)
2,737,094	1,411,990	5,071,519	4,541,563	3,645,909
<u>\$ (1,031,700)</u>	<u>\$ 539,341</u>	<u>\$ 6,806,724</u>	<u>\$ 5,092,147</u>	<u>\$ 2,275,226</u>

City of Newberg, Oregon

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Committed	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	2,503,809	2,674,367	2,835,743	2,362,206	2,674,785
Total General Fund	\$ 2,503,809	\$ 2,674,367	\$ 2,835,743	\$ 2,362,206	\$ 2,674,785
All Other Governmental Funds					
Nonspendable	\$ 49,468	\$ 61,362	\$ 57,729	\$ 57,685	\$ 53,792
Restricted	4,453,982	3,932,838	4,258,474	3,886,048	4,721,327
Committed	762,978	687,274	684,930	807,395	848,020
Assigned	806,601	766,877	717,296	548,803	535,601
Total all other governmental funds	\$ 6,073,029	\$ 5,448,351	\$ 5,718,429	\$ 5,299,931	\$ 6,158,740

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

Fiscal Year				
2016	2017	2018	2019	2020
\$ -	\$ 179,840	\$ -	\$ -	\$ -
3,209,623	3,480,777	4,165,562	4,476,667	3,527,967
<u>\$ 3,209,623</u>	<u>\$ 3,660,617</u>	<u>\$ 4,165,562</u>	<u>\$ 4,476,667</u>	<u>\$ 3,527,967</u>
\$ 54,587	\$ 64,850	\$ 90,779	\$ 65,492	\$ 64,256
5,361,925	5,402,640	9,638,005	9,580,578	8,915,382
773,340	824,480	859,311	942,462	953,315
509,076	552,745	166,916	72,662	-
<u>\$ 6,698,928</u>	<u>\$ 6,844,715</u>	<u>\$10,755,011</u>	<u>\$10,661,194</u>	<u>\$ 9,932,953</u>

City of Newberg, Oregon

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified accrual basis of accounting)

Revenues	Fiscal Year		
	2011	2012	2013
Property taxes	\$ 6,629,781	\$ 6,814,277	\$ 6,933,299
Other taxes	1,735,291	1,844,391	1,869,556
Licenses and permits	376,568	843,466	916,400
Fees	475,736	514,986	517,118
Intergovernmental	3,209,095	3,982,000	3,810,606
Charges for services	637,049	533,780	572,701
Fines and forfeitures	685,684	623,455	614,150
Facilities charge	119,546	120,498	118,936
Pension bond charge	186,189	194,890	203,052
Assessments	131,627	5,439	8,905
Donations	529,588	53,530	325,352
Interest	31,170	32,300	40,357
Developer contributions	-	-	-
Miscellaneous	7,899	23,419	23,532
Total revenues	<u>14,755,223</u>	<u>15,586,431</u>	<u>15,953,964</u>
Expenditures			
General Government	323,249	330,951	338,828
Public safety	9,494,385	9,494,447	9,133,580
Library	1,136,938	1,268,749	1,357,655
Community development	2,267,846	1,868,672	1,930,845
Capital outlay	512,627	2,543,631	2,456,050
Debt service:			
Principal	475,000	510,000	540,000
Interest	375,917	351,313	324,593
Total expenditures	<u>14,585,962</u>	<u>16,367,763</u>	<u>16,081,551</u>
Excess of revenues over expenditures	<u>\$ 169,261</u>	<u>\$ (781,332)</u>	<u>\$ (127,587)</u>
Other Financing Sources (Uses)			
Bond Proceeds	\$ -	\$ -	\$ -
Payment to bond escrow agent	-	-	-
Lease Proceeds	-	-	619,407
Proceeds from sale of assets	-	-	712
Proceeds from notes receivable	-	-	-
Refunds	-	-	-
Transfers in	456,409	1,339,655	242,567
Transfers out	(453,048)	(1,012,443)	(303,645)
Total other financing sources (uses)	<u>3,361</u>	<u>327,212</u>	<u>559,041</u>
Net Change in Fund Balances	<u>\$ 172,622</u>	<u>\$ (454,120)</u>	<u>\$ 431,454</u>
Debt service as a percentage of noncapital expenditures	<u>6.62%</u>	<u>6.04%</u>	<u>5.69%</u>

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 7,004,018	\$ 7,376,480	\$ 7,628,659	\$ 7,708,562	\$ 7,871,722	\$ 4,915,842	\$ 5,172,277
1,945,717	2,704,418	3,112,765	3,722,487	4,109,401	4,547,856	4,294,152
603,080	1,404,062	1,498,722	1,652,558	2,101,984	1,697,758	1,113,188
508,004	-	-	-	-	-	-
4,711,331	2,575,355	2,679,966	3,791,599	3,380,635	3,718,353	3,907,101
535,075	1,849,380	1,860,647	1,174,546	4,092,233	3,178,838	2,722,527
725,889	685,679	605,215	615,698	593,431	611,570	556,299
119,336	119,460	116,863	117,543	119,492	116,658	76,513
210,645	222,499	228,612	238,995	248,417	261,882	274,063
6,183	5,967	76,174	66,305	5,105	25,356	9,053
119,537	27,269	44,468	39,597	36,033	48,773	28,818
42,343	36,913	53,865	95,986	203,913	364,758	295,928
-	-	-	-	342,750	575,320	-
27,840	34,358	30,583	32,557	20,166	139,454	16,353
<u>16,558,998</u>	<u>17,041,840</u>	<u>17,936,539</u>	<u>19,256,433</u>	<u>23,125,282</u>	<u>20,202,418</u>	<u>18,466,272</u>
399,921	378,822	356,689	361,938	353,034	902,975	911,939
10,337,832	10,775,424	11,233,236	11,916,380	12,560,978	9,312,641	10,008,301
1,247,750	1,209,602	1,323,251	1,566,849	1,791,783	1,870,572	1,876,524
2,214,119	2,054,285	2,276,773	2,717,196	3,270,441	3,143,804	3,000,575
2,225,042	578,717	761,896	1,593,837	3,584,865	4,043,964	3,362,005
580,000	625,000	702,572	622,066	453,590	741,202	709,322
295,870	264,332	207,432	207,930	190,743	284,436	242,232
<u>17,300,534</u>	<u>15,886,182</u>	<u>16,861,849</u>	<u>18,986,196</u>	<u>22,205,434</u>	<u>20,299,594</u>	<u>20,110,898</u>
<u>\$ (741,536)</u>	<u>\$ 1,155,658</u>	<u>\$ 1,074,690</u>	<u>\$ 270,237</u>	<u>\$ 919,848</u>	<u>\$ (97,176)</u>	<u>\$ (1,644,626)</u>
\$ -	\$ 1,152,111	\$ -	\$ -	\$ 3,197,301	\$ -	\$ -
-	(1,144,658)	-	-	-	-	-
32,748	-	-	-	-	-	-
322	2,529	10,167	20,188	1,250	276,496	6,086
-	-	-	-	-	88,000	-
-	-	-	-	-	-	(4,781)
1,165,617	720,687	1,499,445	2,517,297	4,098,023	4,204,737	3,275,215
<u>(1,188,470)</u>	<u>(714,939)</u>	<u>(1,514,226)</u>	<u>(2,210,971)</u>	<u>(3,801,151)</u>	<u>(4,254,769)</u>	<u>(3,308,835)</u>
<u>10,217</u>	<u>15,730</u>	<u>(4,614)</u>	<u>326,514</u>	<u>3,495,423</u>	<u>314,464</u>	<u>(32,315)</u>
<u>\$ (731,319)</u>	<u>\$ 1,171,388</u>	<u>\$ 1,070,076</u>	<u>\$ 596,751</u>	<u>\$ 4,415,271</u>	<u>\$ 217,288</u>	<u>\$ (1,676,941)</u>
<u>5.70%</u>	<u>5.90%</u>	<u>5.68%</u>	<u>4.67%</u>	<u>3.28%</u>	<u>5.88%</u>	<u>5.20%</u>

City of Newberg, Oregon

MARKET AND ASSESSED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Real Market Value (RMV)	Assessed Value as a Percentage of RMV
2011	\$ 1,345,572,085	\$ 47,136,128	\$ 49,215,300	\$ 1,441,923,513	\$4.6947	\$ 2,193,902,961	65.72%
2012	1,339,662,755	43,510,458	58,750,300	1,479,778,703	4.6699	1,956,379,200	75.64%
2013	1,434,318,187	43,595,375	51,552,400	1,529,465,962	4.6605	1,912,302,698	79.98%
2014	1,462,861,480	45,241,848	38,064,650	1,546,167,978	4.6575	1,929,918,978	80.12%
2015	1,535,242,192	53,950,069	38,403,200	1,627,595,461	4.6438	2,103,273,498	77.38%
2016	1,602,235,701	51,624,237	42,697,000	1,696,556,938	4.6332	2,199,658,073	77.13%
2017	1,676,693,349	57,582,528	46,339,600	1,780,615,477	4.3827	2,380,377,182	74.80%
2018	1,755,208,908	54,704,504	45,281,815	1,855,195,227	4.3827	2,885,994,061	64.28%
2019	1,814,264,190	52,586,791	37,867,800	1,904,718,781	2.5000	3,124,480,898	60.96%
2020	1,940,024,322	56,144,957	41,789,000	2,037,958,279	2.5750	3,555,696,446	57.32%

Information from the Yamhill County Assessment and Taxation Department

City of Newberg, Oregon

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

2019-20		Taxable Assessed Valuation	% of City Taxable Assessed Valuation (a)
Taxpayer	Type of Business		
Allison Inn & Spa LLC	Hotel/Hospitality Services	\$ 28,530,505	1.40%
Adec, Inc.	Dental Equipment	24,464,304	1.20%
Aspen Way West LLC	Land Development/Hospitality	23,958,418	1.18%
K&J Real Estate LLC	Real Estate	23,404,428	1.15%
Fred Meyer Stores Inc.	Retail, Mixed	18,242,111	0.90%
Friendsview Manor	Retirement Community	17,945,649	0.88%
Portland General Electric Co.	Electric Utility	16,143,000	0.79%
Allison Properties LLC	Land Development/Hospitality	13,223,865	0.65%
Springbrook Investment LLC	Land Development/Hospitality	12,538,327	0.62%
KWDS LLC	Land Development/Hospitality	11,543,271	0.57%
TOTAL		<u>\$ 189,993,878</u>	<u>9.32%</u>

2010-11		Taxable Assessed Valuation	% of City Taxable Assessed Valuation (b)
Taxpayer	Type of Business		
Springbrook Properties	Land Development/Hospitality	\$ 32,172,950	2.23%
Joan D. Austin	Land Development	22,881,292	1.59%
George K. Jr and Joan D. Austin	Land Development	16,711,960	1.16%
Portland General Electric Co.	Electric Utility	14,782,000	1.03%
Werth Family LLC	Real Estate	14,648,244	1.02%
Frontier Communication	Telecommunications Utility	13,591,200	0.94%
NW Natural Gas	Natural Gas Utility	11,612,300	0.81%
Fred Meyer	Retail, Mixed	11,578,289	0.80%
Adec, Inc.	Dental Equipment	9,952,740	0.69%
Orchard Lair Investment Group	Real Estate	9,510,389	0.66%
TOTAL		<u>\$ 157,441,364</u>	<u>10.92%</u>

(a) City of Newberg's 2019-20 assessed valuation was \$2,037,958,279

(b) City of Newberg's 2010-11 assessed/market valuation was \$1,441,923,513

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
2011	\$ 4.3827	\$ 0.3120	\$ 4.6947	\$ 2.5775	\$ 0.9076	\$ -	\$ 0.9076
2012	4.3827	0.2872	4.6699	2.5775	0.9076	-	0.9076
2013	4.3827	0.2778	4.6605	2.5775	0.9076	-	0.9076
2014	4.3827	0.2748	4.6575	2.5775	0.9076	-	0.9076
2015	4.3827	0.2611	4.6438	2.5775	0.9076	-	0.9076
2016	4.3827	0.2505	4.6332	2.5775	0.9076	0.4190	1.3266
2017	4.3827	-	4.3827	2.5775	0.9076	0.4202	1.3278
2018	4.3827	-	4.3827	2.5775	0.9076	0.4132	1.3208
2019	2.5000	-	2.5000	2.5775	0.9076	0.4042	1.3118
2020	2.5750	-	2.5750	2.5775	0.9076	0.3876	1.2952

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

Source: Yamhill County Assessor

School District			Fire District			Other Districts	Total Direct & Overlapping Rates
Operating	Debt	Total	Operating	Debt	Total	Total	
\$ 4.6616	\$ 3.6674	\$ 8.3290	\$ -	\$ -	\$ -	\$ 1.0129	\$ 17.5217
4.6616	2.7937	7.4553	-	-	-	0.9751	16.5854
4.6616	2.7784	7.4400	-	-	-	1.0421	16.6277
4.6616	2.7621	7.4237	-	-	-	1.1112	16.6775
4.6616	2.8462	7.5078	-	-	-	1.0992	16.7359
4.6616	3.2568	7.9184	-	-	-	0.9625	17.4182
4.6616	3.2139	7.8755	-	-	-	1.0555	17.2190
4.6616	3.1420	7.8036	-	-	-	0.9820	17.0666
4.6616	1.3880	6.0496	1.9752	0.1087	2.0839	1.0644	15.5872
4.6616	0.8080	5.4696	1.9752	0.0973	2.0725	1.0620	15.0518

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			
2011	\$ 6,811,289	\$ 6,469,505	94.98%	\$ 297,064	\$ 6,766,569	99.34%
2012	7,023,545	6,710,741	95.55%	296,057	7,006,798	99.76%
2013	7,128,492	6,797,684	95.36%	303,031	7,100,715	99.61%
2014	7,172,276	6,940,323	96.77%	211,066	7,151,389	99.71%
2015	7,589,743	7,280,650	95.93%	285,108	7,565,758	99.68%
2016	7,864,660	7,585,511	96.45%	221,374	7,806,885	99.27%
2017	7,857,109	7,606,516	96.81%	188,227	7,794,743	99.21%
2018	8,130,756	7,900,339	97.17%	147,751	8,048,090	98.98%
2019	4,770,467	4,641,500	97.30%	75,947	4,717,447	98.89%
2020	5,248,722	5,130,350	97.74%	-	5,130,350	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			
2011	22,110	\$ 1,441,923,513	\$ 1,763,384	\$ 1,780,000	\$ -	\$ 2,665,000	\$ 6,208,384	0.43	\$280.80
2012	22,230	1,479,778,703	1,437,241	1,620,000	-	2,630,000	5,687,241	0.38	255.84
2013	22,300	1,529,465,962	1,100,684	1,455,000	-	2,585,000	5,140,684	0.34	230.52
2014	22,580	1,546,167,978	743,097	1,280,000	-	2,530,000	4,553,097	0.29	201.64
2015	22,765	1,627,595,461	369,779	-	11,616,271	2,460,000	14,446,050	0.89	634.57
2016	22,900	1,696,556,938	-	-	10,229,792	2,380,000	12,609,792	0.74	550.65
2017	23,465	1,780,615,477	-	-	8,823,313	2,285,000	11,108,313	0.62	473.40
2018	23,480	1,855,195,227	-	-	10,574,135	2,175,000	12,749,135	0.69	542.98
2019	23,795	1,904,718,781	-	-	8,920,572	2,045,000	10,965,572	0.58	460.84
2020	24,045	2,037,958,279	-	-	7,507,216	1,895,000	9,402,216	0.46	391.03

(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 \$4,865,173. 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 \$2,642,043 alone on the chart above would result in 0.22% Percentage of Assessed Value and 188.69 Per Capita. Outstanding total includes unamortized note premium.

City of Newberg, Oregon

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities					
	General Obligation Bonded Debt	Certificates of Participation	Full Faith & Credit Obligations (2)	Limited Tax Pension Bonds	Notes	Capital Leases
2011	\$ 1,945,000	\$ 1,780,000	\$ -	\$ 2,665,000	\$ -	\$ 86,692
2012	1,630,000	1,620,000	-	2,630,000	-	281,773
2013	1,300,000	1,455,000	-	2,585,000	-	408,129
2014	950,000	1,280,000	-	2,530,000	-	343,333
2015	580,000	-	1,152,111	2,460,000	320,139	302,925
2016	190,000	-	921,919	2,380,000	1,367,101	165,090
2017	-	-	686,727	2,285,000	1,524,272	84,212
2018	-	-	3,638,836	2,175,000	1,420,682	15,988
2019	-	-	3,128,704	2,045,000	1,314,420	123,138
2020	-	-	2,642,043	1,895,000	1,777,706	75,175

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

Business-type Activities

<u>Full Faith & Credit Obligations (2)</u>	<u>Notes (2)</u>	<u>Capital Leases</u>	<u>Total Government</u>	<u>(1) Percentage of Personal Income</u>	<u>(1) Per Capita</u>
\$ -	\$ 22,882,305	\$ -	\$ 29,358,997	3.92%	\$ 1,328
-	22,431,841	-	28,593,614	3.63%	1,286
-	26,270,537	8,410	32,027,076	3.99%	1,436
-	29,481,516	6,519	34,591,368	4.04%	1,532
10,464,160	30,560,788	4,494	45,844,617	4.94%	2,014
9,307,873	30,740,380	2,324	45,074,687	4.73%	1,968
8,136,586	29,435,093	-	42,151,890	4.15%	1,796
6,935,299	27,823,602	-	42,009,407	3.93%	1,789
5,791,868	26,165,524	-	38,568,654	N/A	1,621
4,865,173	24,676,171	-	35,931,268	N/A	1,494

City of Newberg, Oregon

LEGAL DEBT MARGIN INFORMATION GENERAL OBLIGATION BONDED DEBT

Last Ten Fiscal Years

	2011	2012	2013	2014	2015
Real Market Value	\$ 2,193,902,961	\$ 1,956,379,200	\$ 1,912,302,698	\$ 1,929,918,978	\$ 2,103,273,498
Debt Limit (3% real market value)	65,817,089	58,691,376	57,369,081	57,897,569	63,098,205
Debt Applicable to Limit:					
General Obligation Bonds	1,945,000	1,630,000	1,300,000	950,000	580,000
Less: Amounts reserved for debt service	(181,616)	(192,759)	(199,316)	(206,903)	(210,211)
Total net debt applicable to limit	1,763,384	1,437,241	1,100,684	743,097	369,789
Legal debt margin	<u>\$ 64,053,705</u>	<u>\$ 57,254,135</u>	<u>\$ 56,268,397</u>	<u>\$ 57,154,472</u>	<u>\$ 62,728,416</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>2.68%</u>	<u>2.45%</u>	<u>1.92%</u>	<u>1.28%</u>	<u>0.59%</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

2016	2017	2018	2019	2020
\$ 2,199,658,073	\$ 2,380,377,182	\$ 2,885,994,061	\$ 3,124,480,898	\$ 3,555,696,446
65,989,742	71,411,315	86,579,822	93,734,427	106,670,893
190,000	-	-	-	-
(216,729)	(38,270)	(47,809)	(3,793)	(2,500)
(26,729)	(38,270)	(47,809)	(3,793)	(2,500)
<u>\$ 66,016,471</u>	<u>\$ 71,449,585</u>	<u>\$ 86,627,631</u>	<u>\$ 93,738,220</u>	<u>\$ 106,673,393</u>
<u>-0.04%</u>	<u>-0.05%</u>	<u>-0.06%</u>	<u>0.00%</u>	<u>0.00%</u>

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
2011	22,110	\$ 33,834	\$ 748,069,740	5,252	9.20%
2012	22,230	35,393	786,786,390	5,169	8.40%
2013	22,300	36,010	803,023,000	5,155	7.60%
2014	22,580	37,891	855,578,780	5,130	6.40%
2015	22,765	40,762	927,946,930	5,066	5.50%
2016	22,900	41,600	952,640,000	5,104	4.80%
2017	23,465	43,328	1,016,691,520	5,106	3.80%
2018	23,480	45,478	1,067,823,440	5,010	3.60%
2019	23,795	NA	NA	4,876	3.50%
2020	24,045	NA	NA	4,825	10.00%

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

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

- There is no available data on per capita income and total personal income for 2019 or 2020.

- Per capita income from 2011-2017 uses revised numbers using different methodological procedures per information available as of June 30, 2020.

(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~2000~2020>
(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

	2020			2011		
	(1) Employees	Rank	Percentage of Total City Employment	(3) Employees	Rank	Percentage of Total City Employment
A-dec	1020	1	9.97%	952	1	9.72%
George Fox University	600	2	5.87%	412	4	4.21%
Newberg Public Schools	584	3	5.71%	566	2	5.78%
Providence Newberg Hospital	500	4	4.89%	545	3	5.56%
Fred Meyer	370	5	3.62%	240	6	2.45%
Dental Components LLC	245	6	2.39%	160	8	1.63%
Allison Inn & Spa	226	7	2.21%			
Friendsview Retirement Community	220	8	2.15%	150	9	1.53%
City of Newberg	145	9	1.42%	196	7	2.00%
PPM Technologies	136	10	1.33%			
Climax Portable Machine Tools				131	10	1.34%
SP Newsprint Co.				265	5	2.71%
Total Employment 2019 (2)	10,230		39.55%	9,796		36.92%

(1) City of Newberg Finance Department

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

Total Employment: 2019 Oregon Employment Department Statistics, Place Name Data for "Newberg, Oregon"

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

City of Newberg, Oregon

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	18.30	16.50	15.80	20.40	21.70	21.98	25.26	24.26	24.29	24.20
Public safety	70.76	69.12	69.12	68.52	66.88	66.88	50.75	49.75	49.75	49.75 *
Library	12.14	11.64	11.34	11.34	11.94	11.94	12.44	12.44	12.44	12.44
Community development	16.51	13.55	13.2	11.08	11.6	12.11	14.77	16.53	16.53	17.02
Water	19.44	18.72	13.63	12.96	13.21	13.61	13.90	14.00	14.00	13.37
Wastewater	17.40	17.44	16.13	16.96	18.21	17.86	18.61	20.26	20.26	20.64
Stormwater	5.41	4.54	6.0	5.38	6.04	6.66	6.59	7.09	7.09	7.47
Emergency medical services	6.60	7.24	7.24	7.24	8.88	8.88	0.00	0.00	0.00	0.00 *
TOTAL	166.56	158.75	152.46	153.88	158.46	159.92	142.32	144.33	144.36	144.89

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Number of Council resolutions	49	51	42	96	38	106	62	74	76	86
Public safety										
Number of adult arrests	1,459	1,016	1,017	962	770	846	1,066	1,255	1,116	1,306
Number of citations	7,717	6,831	7,456	7,830	6,621	5,364	10,521*	8,272*	7,398*	6,637
Library										
Annual Checkouts	288,555	291,071	270,974	291,850	281,064	309,147	294,412	310,638	335,622	265,955
Reference Questions Answered	11,033	9,191	9,023	8,154	7,958	8,097	8,381	7,950	8,001	10,132
Event Attendance	18,324	20,285	14,648	17,288	16,998	20,126	20,830	17,371	19,462	21,547
Community development										
Building Inspections	3,925	4,038	4,998	3,867	3,827	3,585	6,354	6,816	7,401	5,403
Building Permits - Residential New Single family	25	40	36	44	46	62	63	89	91	58
Water										
Water-# of accounts	6,529	6,585	6,594	6,712	6,715	6,814	6,841	6,959	7,056	7,125
Water-total gallons treated (millions)	936	939	969	848	912	903	915	964	861	868
Wastewater										
Wastewater Total gallons treated (millions)	1,354	1,190	1,165	1,067	1,091	1,389	1,600	1,260	1,090	1,103

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public safety										
Police related vehicles	29	29	27	26	26	26	25	26	29	29
Number of fire stations	2	2	2	2	2	2	2	2	1*	1
Library										
Library building	1	1	1	1	1	1	1	1	1	1
Community development										
Miles of road	71.9	71.9	71.9	72.0	72.0	72.0	72.0	72.9	72.9	74.1
Water										
Total water reservoir capacity (millions of gallons)	12	12	12	12	12	12	12	12	12	12
Number of reservoirs	3	3	3	3	3	3	3	3	3	3
Wastewater										
Miles of wastewater lines	80.9	81.7	81.9	81.8	81.8	81.8	82.29	84.14	85.88	87.22
Stormwater										
Miles of storm lines	65.9	65.9	59.3	59.6	59.6	59.6	61.32	62.72	65.35	67.67

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**

Mayor and City Council
City of Newberg
Newberg, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Newberg (the "City") as of and for the year ended June 30, 2020, and have issued our report thereon dated December 30, 2020.

Compliance

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-100 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations

Internal Control OAR 162-10-230

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

Mayor and City Council
City of Newberg
Independent Auditor's Report Required by
Oregon State Regulations
December 30, 2020
Page Two

Restriction on Use

This report is intended solely for the information and use of the council members and management of the City 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

December 30, 2020

By:



Bradley G. Bingenheimer,
Partner