



**City Council Work Session  
February 4, 2019 - 6:00 PM  
Public safety building 401 east third street**

- I. CALL MEETING TO ORDER**
- II. ROLL CALL**
- III. REVIEW OF THE COUNCIL AGENDA AND MEETING**
- IV. COUNCIL BUSINESS ITEMS**
- V. TRANSIENT LODGING TAX WORKSHOP**
- VI. ADJOURNMENT**

# TRANSIT LODGING TAX PROGRAM

City Council  
February 4, 2019



# HISTORY

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- Economic Development Strategy identified Tourism & Hospitality as a pillar
- Advisory Group established to City Manager to develop Tourism Strategy
- Outlook hired to prepare Tourism Strategy
- Tourism Strategy approved by Resolution No. 2106-3307 (6/16)
- Three focus areas:
  - Organizational Development
  - Destination Development
  - Destination Marketing

# HISTORY

3

- Fall 2016 City Council Work Sessions on organizational structure (4 models – outside organization, Chamber, hire City staff, using existing City staff)
- October 2016 - Selection to use existing City staff and Ad Hoc Committee
- Council appointed Transit Lodging Tax (TLT) Ad Hoc Committee December 2016
- TLT commenced activities January 2017

# HISTORY

4

## Established Activities by City Council:

1. An Ad Hoc Committee be established by the City Council that would operate for no less than two and no more than four years.
2. The Ad Hoc Committee consist of not more than 13 members drawing from members of the TLT Advisory Group plus a person representing Airbnb/VRBO's, a City Council member, a general at-large citizen and Ex Officio members of the Mayor and City Manager.
3. The Ad Hoc Committee would be staffed by existing city staff.

# HISTORY

5

4. The Ad Hoc Committee's role would be to solicit for tourism related facility projects, review proposals and make recommendations to the City Council.
5. The City Council would make the decision on what tourism related facility projects get funded.
6. The Ad Hoc Committee would make recommendations on the small grant program to the City Council.

# HISTORY

7. During the two year period the Ad Hoc committee continues the discussion of an organizational model appropriate for Newberg given the funding available and report their recommendations back to the City Council.
8. The City discuss with the Chehalem Valley Chamber additional services that could be provided such as FAM's, Marketing and Destination Development. Funding for these services would come out of the Tourism Promotion expense line.
9. Funds be allocated for a consultant to conduct an assessment of existing marketing material and provide recommendations for updating or modifying marketing material.

# HISTORY

7

- TLT Marketing Subcommittee established rather than hiring a consultant
- Grant Program established for Small Grants and Destination Development/Marketing Grants
- Discussions on Organizational Structure

# GRANTS

8

## 2016/2017 Small Grant

### Approved

1. Oregon Camellia Society – American Camellia Society  
2017 Annual Convention in Newberg - \$2,000.
2. Chehalem Cultural Center – Newberg Camellia Festival &  
Run/Walk - \$6,550
3. Hoover-Minthorn House Museum – Informational Signs at Gates  
to Hoover-Minthorn House Museum - \$1,400.
4. Newberg Old Fashioned Festival – NOFF 2017 Grand Fireworks  
Celebration - \$3,500.
5. Yamhill Community Action Partnership – Light The Fire –  
A YCAP Benefit - \$6,550.

# GRANTS

9

## Not Approved

1. Tunes on Tuesday as Presented by the Young Professionals of Yamhill Valley – 2017 Tunes on Tuesday as Presented by the Young Professionals of Yamhill Valley: Semi-Permanent Fencing Plan - \$10,000.



# GRANTS

10

## 2017/2018 Small Grant

### Approved

1. Hoover-Minthorn House Museum – Herbert Hoover’s Oregon Boyhood – An Exhibit and Marketing Plan - \$2,500.
2. Anvil Academy – Newberg Grand Prix Cycle Kart Rally - \$2,500.
3. Oregon Truffle Festival – Oregon Truffle Festival Newberg Weekend – the Terroir of Truffles - \$7,000.
4. Chehalem Cultural Center – The Newberg Camellia Festival and Run/Walk - \$8,000.

# GRANTS

11

## Not Approved

1. Anvil Academy – Promotion of 2019 Newberg Grand Prix Rally at Portland Indy Car Event - \$10,000.

# GRANTS

12

## 2017/2018 Destination Development-Marketing Grant

### Approved

1. Newberg Downtown Wineries Association – Strategic Multi-Media Presence - \$20,000.
2. Chehalem Cultural Center – Culinary Enrichment Center - \$250,000.
3. Wolves & People – Steins to Vines Trail - \$30,000.

# GRANTS

13

## Not Approved

1. Hoover-Minthorn House Museum –  
Roof/Gutters/Electrical - \$30,000.
2. Chehalem Park and Recreation District – Darnell Wright  
Sport Complex Lighting - \$225,000.
3. City of Newberg – Cultural District Wayfinding - \$73,500.

# VISIT NEWBERG

14

- August 20 , 2018 City Council/TLT Work Session on organizational structure – Visit Newberg
- December 17, 2018 – City Council - Agreement, Board of Director Recommendation, & Info Item; Tabled Agreement and Info Item
- December 2018 – Visit Newberg filed Articles of Incorporation
- January 22, 2019 – City Council - Tabled Agreement, Directed TLT Committee to come back with start-up costs for Visit Newberg
- January 30, 2019 – Visit Newberg held Organizational meeting

# TLT AD HOC COMMITTEE

15

- January 31, 2019 - TLT Ad Committee and Marketing Subcommittee informed they had been disbanded with legal formation of Visit Newberg (actual terms ended in December 2018 but Committee's agreed to continue for up to three months)
- December 17, 2018 City Council awarded \$14,000 to the Camellia Festival for 2019

# VISIT NEWBERG START-UP COSTS

16

|                                                | Start-up Estimate/4 months<br>(March - June) |            |
|------------------------------------------------|----------------------------------------------|------------|
| <b>Recruitment Services</b>                    | \$                                           | 10,000.00  |
| <b>subtotal</b>                                | \$                                           | 10,000.00  |
| <b>General Administration</b>                  |                                              |            |
| Start-up costs                                 |                                              |            |
| Executive Director Salary                      | \$                                           | 25,000.00  |
| Executive Director Benefits                    | \$                                           | 6,666.67   |
| Payroll Taxes                                  |                                              |            |
| CVCC Staff Support                             | \$                                           | 8,000.00   |
| Business Cards                                 | \$                                           | 120.00     |
| Office Space Lease                             | \$                                           | 8,000.00   |
| Computer set up with Chamber network           | \$                                           | 2,100.00   |
| Office Phone purchase                          | \$                                           | 93.00      |
| Desk                                           |                                              |            |
| Chair                                          |                                              |            |
| Office Supplies                                |                                              |            |
| File Cabinet                                   |                                              |            |
| Laptop                                         | \$                                           | 3,000.00   |
| Cell Phone                                     | \$                                           | 900.00     |
| Cell Phone Monthly Service                     | \$                                           | 400.00     |
| Travel Expenses/Mileage/Hotel                  | \$                                           | 2,500.00   |
| Bank Services                                  | \$                                           | 120.00     |
| Organization Memberships                       | \$                                           | 3,000.00   |
| Training/Conferences                           | \$                                           | 1,500.00   |
| Professional Fees (Legal/Accounting/Insurance) | \$                                           | 15,000.00  |
| Entertainment/Meals                            | \$                                           | 1,933.33   |
| Dues & Subscriptions                           | \$                                           | 666.67     |
| Contingency                                    | \$                                           | 10,000.00  |
| <b>subtotal</b>                                | \$                                           | 89,001.67  |
| <b>Marketing Expenses</b>                      | \$                                           | 50,000.00  |
| <b>Total</b>                                   | \$                                           | 149,001.67 |
| <b>Rounded Total</b>                           | \$                                           | 150,000.00 |

# NEXT STEPS

17

- February 19, 2019 – Council reviews Start-up costs
- City inform Chamber to use existing funds allocated for marketing until Visit Newberg Executive Director is hired
- Visit Newberg obtains 501(c)(6) status
- Visit Newberg negotiations on office space and other organizational matters and hire Executive Director
- Negotiations with City/Visit Newberg on Agreement



# NEXT STEPS

18

- May 20, 2019 – City Council review of Visit Newberg Agreement, Business Plan & Budget for FY 2019/20
- Staff administers outstanding awarded Small and Destination Development-Marketing Grants
- City Council to review modifications to City/Chamber contract (May/June)
- Anticipated future quarterly reports from Visit Newberg and Annual Business Plan & Budget

# QUESTIONS

19





**City Council Business Session  
February 4, 2019 - 7:00 PM  
Public safety building 401 east third street**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PLEDGE OF ALLEGIANCE**

**IV. PRESENTATIONS**

- IV.a Presentation of the Independent Auditor Report and the Comprehensive Annual Financial Report for the year ended June 30, 2018  
[2019-02-04 Audit Report & CAFR RCA packet.pdf](#)

**V. CITY MANAGER'S REPORT**

**VI. COUNCIL APPOINTMENTS**

- VI.a RCA Riverfront Master Plan Citizens Advisory Committee Appointment  
[RCA RMP CAC appt 2-4-19.doc](#)
- VI.b To consent to the Mayor's Appointment of members to the Housing Needs Assessment Project Advisory Committee.  
[RCA\\_HNA\\_Committee\\_appointments Jack Kriz.pdf](#)
- VI.c RCA Community Visioning Advisory Committee Appointment  
[RCA CVAC Quinn appointment.docx](#)

**VII. PUBLIC COMMENTS**

**VIII. CONSENT CALENDAR**

- VIII.a Resolution 2019-3528, A resolution to authorize the City Manager to enter into a professional services agreement with Kittelson & Associates, Inc. to design the city's 2019 Pavement Preservation Project in the amount of \$131,855.00.  
[Res2019-3528\\_PvPsPj\\_DgnAward\\_r2.pdf](#)
- VIII.b Resolution 2019-3535 Ratifying a Change Order for \$10,923 to the contract between WCCCA and Sabre Industries relating to the City of Newberg's piece of the Emergency Communications System Upgrade Project  
[2019-02-04 RCA for Change Order #1.pdf](#)

## **IX. NEW BUSINESS**

- IX.a Newberg Cultural District Annual Report for 2018  
[RCA Cultural District Annual Report 2019.pdf](#)  
[NCD Annual Report April 2019.pdf](#)
- IX.b Resolution 2019-3523, To initiate a resolution for an amendment to the Newberg Comprehensive Plan and Municipal Code, Title 15: Development Code to allow duplexes and triplexes in the R-1 zone.  
[RCA Res 2019-3523.pdf](#)
- IX.c Resolution 2019-3529, Initiate Development Code Amendment Vertical Housing Regulations  
[RCA Resolution 2019-3529 - Amendment Vertical Housing Regulations.doc](#)
- IX.d Resolution 2019-3530, Initiate Development Code Amendment Residential parking regulations downtown  
[RCA Resolution 2019-3530 - Amendment Residential Parking Regulations.doc](#)
- IX.e Resolution 2019-3531, Initiate Development Code Amendment commercial space requirements for residential downtown  
[RCA Resolution 2019-3531 - Amendment Commercial Space Requirements.doc](#)
- IX.f Update on Community Visioning Project  
[RCA CVAC 020419.docx](#)  
[Communication Plan v4.xlsx](#)  
[Bucket List.pdf](#)  
[ANewBERG Community Profile Infographic v1.pdf](#)

## **X. COUNCIL BUSINESS**

## **XI. ADJOURNMENT**

### **ADA STATEMENT**

*Contact the City Recorder's Office for physical or language accommodations at least 2 business days before the meeting. Call (503) 537-1283 or email [cityrecorder@newbergoregon.gov](mailto:cityrecorder@newbergoregon.gov). For TTY services please dial 711.*

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

|                   |                       |                        |                         |                         |
|-------------------|-----------------------|------------------------|-------------------------|-------------------------|
| <b>Order ____</b> | <b>Ordinance ____</b> | <b>Resolution ____</b> | <b>Motion <u>XX</u></b> | <b>Information ____</b> |
| <b>No.</b>        | <b>No.</b>            | <b>No.</b>             |                         |                         |

**SUBJECT: Audit report and Comprehensive Annual Financial Report (CAFR) for June 30, 2018**

**Contact Person (Preparer) for this Item: Matt Zook  
Dept.: Finance**

## RECOMMENDATION:

Staff recommends City Council, by way of motion, to “accept the auditor’s report and the annual financial statements”.

## EXECUTIVE SUMMARY:

Each fiscal year, the City is required to engage a qualified municipal auditing firm to conduct an audit of the City’s finances and audit the financial statements of the City for the purpose of expressing an independent opinion on these financial statements. For the July 1, 2017 to June 30, 2018 fiscal year, the City engaged Boldt, Carlisle + Smith (BCS) of Salem, Oregon to conduct this annual audit. On December 21, 2018, the City received an unmodified opinion (best results) on the financial statements. The City also submitted the financial statements to the Secretary of State, Audits Division on December 27, 2018, which is within the required timeframe. Each of you have been provided a hard copy of these financial statements and one letter from BCS communicating the results of the audit. The public can find the financial statements electronically at the City’s website under the Finance Department documents section. At the February 4, 2019 Council meeting, Mr. Brad Bingenheimer, partner of BCS, will present a verbal report to the Council regarding the audit and financial statements.

## BACKGROUND:

This year, I am pleased to report that the auditors reported no significant deficiencies or material weaknesses. This is the second audit in a row with this status. There were two minor budget violations of \$2,099 and \$10,075 as reflected on page 170 that were accidentally not included in a supplemental budget. I am pleased to point out that the City can proudly include in the June 30, 2018 CAFR the Certificate of Achievement of Excellence in Financial Reporting for the June 30, 2017 statements for the second year in a row. The Government Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. The City of Newberg has a long history of receiving this award. Returning to the highest level of professionalism benefits the City in citizen confidence, credit rating agencies, and business recruitment. I would like to recognize Caleb Lippard, Assistant Finance Director, and Dan Keuler, Senior Accountant, as well as the entire Finance and Court teams for their work. I would also like to thank the team from Boldt, Carlisle + Smith for their service to the City.

The full CAFR and two letters to the governing body are included with this RCA.

In the Spring of 2019, the City will conduct a Request For Proposals (RFP) for audit services. The City performs an RFP generally no longer than every five years. Boldt, Carlisle + Smith was selected to perform the annual audit in the 2004 RFP and successfully rose to the top of the 2009 and 2014 RFPs. We expect to receive six to 10 proposals. The contracts are typically three year contracts with two optional one-year extensions. The selection of the next auditor will be presented in April or May of 2019.



To the Mayor and City Council  
CITY OF NEWBERG  
Newberg, Oregon

We have audited the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of CITY OF NEWBERG as of and for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 30, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. The City adopted new accounting policies for the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the depreciation expense which is based on management's estimate of the economic useful life of capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, deferred outflows and deferred inflows are based on an actuarial valuation performed on the Oregon Public Employees Retirement System Plan and the City of Newberg Employees Retirement Plan. We evaluated the key factors and assumptions used in the actuarial valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability for other postemployment benefits which is based on an actuarial valuation performed on the City's plan. We evaluated the key factors and assumptions used in the actuarial valuation in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to:

The disclosure of cash, cash equivalents and investments in Note 3 to the financial statements which describes the liquid assets available for operations of the City.

The disclosure of long-term obligations in Note 3 to the financial statement which describes the future principal and interest payments for which the City is legally obligated.



## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The misstatements in the attached schedule were identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested and received certain written representations from management in a letter dated December 21, 2018.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

## Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council and management of CITY OF NEWBERG and is not intended to be and should not be used by anyone other than these specified parties.

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 21, 2018



# City of Newberg, Oregon

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

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# **CITY OF NEWBERG, OREGON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2018

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, 2018

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## ***INTRODUCTORY SECTION***

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December 26, 2018

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, 2018 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, 2018 and the results of its government-wide operations as well as the cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of the State of Oregon. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to comply with reporting requirements.

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

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

The City of Newberg's financial statements have been audited by Boldt, Carlisle & Smith LLC, a firm of licensed certified public accountants. They have issued an unmodified opinion on the City of Newberg's financial statements for the fiscal year ended June 30, 2018. 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 2018 population of 23,480. The City has the authority to extend its corporate limits by annexation. During the 2017-18 fiscal year the City annexed two parcels for a total of approximately 50 acres.

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

The City Council is required to adopt a final budget by resolution no later than 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, fire, 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 and fire protection; 911 emergency telephone center for the cities of Newberg and Dundee police, Newberg and Dundee fire and Newberg and Dundee rural fire protection districts; emergency medical services; municipal court; library services; land use planning; building inspection; economic development; engineering; the construction and maintenance of streets and related infrastructure; and the water, wastewater treatment and stormwater systems. The City has no component unit governmental entities. Overlapping local governments, which includes Yamhill County, Chehalem Park & Recreation District, Newberg School District, and others, are not included in this report.

## **Economic Condition and Outlook**

It should be noted that with the passing of Measure 50 in May of 1997, the State no longer imposes property taxes based on real market value. Instead, the voters approved a measure that bases taxation on a value that rolled back assessed values to 90% of the 1995-96 real market value of the property. The annual growth rate is capped at 3% with greater increases allowed for major remodeling and new construction.

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

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

During 2016-17 to 2017-18, the City's assessed value increased 4.1% and the market value also increased 21.2%. The difference between market value and assessed value has widened to \$1,031 million compared to \$600 million the prior year.

Table 1  
City of Newberg Assessed and Market Values

|                | <u>2014-15</u>   | <u>2015-16</u>   | <u>2016-17</u>   | <u>2017-18</u>   |
|----------------|------------------|------------------|------------------|------------------|
| Assessed Value | \$ 1,627,595,461 | \$ 1,696,556,938 | \$ 1,780,615,477 | \$ 1,855,195,227 |
| Percent Change | 5.2%             | 4.2%             | 4.9%             | 4.2%             |
| Market Value   | \$ 2,103,273,498 | \$ 2,199,658,073 | \$ 2,380,377,182 | \$ 2,885,994,061 |
| Percent Change | 8.9%             | 4.5%             | 8.2%             | 21.2%            |

*Source: Yamhill County Assessor's Office*

During fiscal year 2017-18, the building fund saw a decrease in total values of constructed residential and an increase in commercial properties of -4.5% and 3.0%, respectively, from the prior fiscal year. This translated to an overall increase of 0.2% in permits and fees revenue from 2016-17 to 2017-18. The number of new residential units went from 114 in 2016-17 to 98 in 2017-18. The department also saw an increase in total inspections. Permit revenues in 2018-19 are expected to stay consistent with 2017-18.

The City benefits from its proximity to the Portland Metropolitan Area. The diversified economy of the Tri-county area (Multnomah, Washington, and Clackamas counties) and Yamhill County help the City to maintain a relatively stable economic condition. Agriculture dominates economic activities outside the urban area, particularly nurseries, vineyards and wineries. The City also benefits from A-dec, a family-owned dental manufacturer inside the City. Major employers also include Providence Newberg Medical Center, George Fox University, Fred Meyer, the Allison Inn, Friendsview Retirement Community, the Newberg School district and the City of Newberg. The unemployment rates in the area have been declining at an equal pace with the State of Oregon as well as Nationwide. The unemployment rates for the past four years were the following:

Unemployment Rates (seasonally adjusted as of June):

|                 | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------|-------------|-------------|-------------|-------------|
| Yamhill County  | 5.5%        | 4.8%        | 3.8%        | 3.5%        |
| State of Oregon | 5.7%        | 5.0%        | 4.1%        | 4.0%        |
| National USA    | 5.3%        | 4.9%        | 4.3%        | 4.0%        |

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

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

Rising retirement costs continue to be an economic challenge. Oregon PERS rates are set for a two-year period. The rates for the 2017-2019 biennium are 20.32% for Tier 1/Tier 2 employees, 10.02% for OPSRP general employees, and 14.79% for OPSRP public safety employees. The Newberg Employees Retirement Plan rates are set annually. The 2017-18 rate was 34.22%.

## **Relevant Financial Policies**

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

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

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

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

## **Major Activities and Accomplishments**

*For the Year.* The City had a number of citizen groups working on various issues during the year, in addition to the normal, routine citizens groups such as the Planning Commission, Traffic Safety Committee, Library Board, Budget Committee, Transient Lodging Tax Advisory Committee and the Citizens Rate Review Committee.

The Newberg-Dundee area received the designation of the 6th safest city, with over 10,000 population, in Oregon for 2018 by the National Council for Home Safety and Security. The Newberg-Dundee Police Department boasted 1.26 violent crimes per 1,000 persons and 16.97 property crimes per 1,000 persons, less than half of the Oregon average in both categories.

The City of Newberg and Tualatin Valley Fire & Rescue (TVF&R) entered into a two-year intergovernmental agreement effective July 1, 2016 for fire and emergency medical services to determine the feasibility and cost benefit to residents. Newberg faced current and future funding limitations, which had made it difficult to provide adequate fire department staffing, maintain equipment and comply with nationally recommended standards, particularly with increases in demands for service. The agreement provided for a decision by the City Council whether to proceed with an annexation process subsequent to June 30, 2017. In November of 2017, the citizens of Newberg voted to permanently annex into TVF&R for fire and EMS services beginning July 1, 2018.

The citizens also voted yes on instituting an amendment to the city charter which reduces the levy to \$2.50 of the City's permanent ad valorem property tax rate against any property within the District, commencing with the City's 2018-19 fiscal year and continuing in effect as long as the City remains within the boundaries of the District. Commencing with fiscal year 2019-20, and each year thereafter, the City may increase the tax rate limit by 3% of the prior year's limit. The City also may levy in excess of the limit if authorized by a measure approved by the voters.

In May, 2017, City Council approved an ordinance adopting a transportation utility fee (TUF) as a critical piece of maintaining the roadway pavement system in Newberg. It had been determined that approximately \$2.5 million is needed per year to maintain current pavement conditions city-wide. Approximately \$0.6 million is traditionally included as part of the Street Fund state-wide gas tax



revenues. The TUF was fully implemented in 2017-18. The approved TUF is projected to generate approximately \$1.15 million per year. The TUF is paid by residential, commercial, and industrial constituents through the monthly Municipal Services Statement (i.e. utility bill). Collection commenced in September 2017. The City is pleased to see immediate results from the additional funding by completing the first pavement preservation project in the summer of 2017. In 2018, the City has continued to explore sources of revenue for the remaining gap of roughly \$0.8 million.

In 2017-18, the Library began their remodel of the Circulation workroom, which was largely supported by grants and gifts. It included removing all of the old built-in cabinetry, painting, changing the flow by installing a wall, replacing the carpet with anti-fatigue flooring and purchasing new furnishings. In 2019, a new circulation desk will be installed.

City of Newberg Utility Billing department launched the Equal Pay option for paying municipal services bills in June of 2018. Equal Pay is a specialized payment plan that spreads out payments over a year, designed to provide customers an annualized rate for convenient budgeting.

*For the Future.* In September 2017, City Council took the initial steps in approving the City's commitment to the Emergency Communications System upgrade project in partnership with Washington County Consolidated Communications Agency (WCCCA). The City has partnered with WCCCA since 2009, allowing the City access to WCCCA's 800 MHz Public Safety Voice and Data Communications System rather than operating an independent, standalone system. WCCCA has identified the need for replacements and upgrades to their overall system, including a portion of the system that involves the direct benefit to the City and also requires the City's contribution. Clackamas C800 Radio Group (C800) is also a partner in the upgrade project. The primary scope of the overall project is to replace/upgrade/expand the infrastructure, communication towers, radios and other equipment. The overall project is estimated at \$124 million, with the City's portion as approximately \$3.1 million. The City completed financing of the project through a financing agreement executed in June of 2018. The project has begun and is anticipated to be completed in 2019.

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

The Oregon PERS rates for the 2019-21 biennium will be 21.99% for Tier 1/Tier 2 employees, 12.10% for OPSRP general employees, and 16.73% for OPSRP public safety employees. The Newberg Employees Retirement Plan 2018-19 rate is 36.80%. The Newberg Employees Retirement Plan 2019-20 rate will be 37.97%.

The City continues to develop the discipline of long-range financial planning. In 2017-18, the Council focused on the General Fund five-year forecast over multiple sessions, looking ahead to strategically meet the challenges of achieving a structurally-balanced budget. Long-range financial planning will continue to be expanded other key operating funds. In addition, the City will review and enhance financial policies.

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

## 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, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

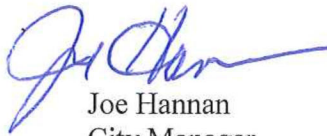
Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Additionally, we would like to express our appreciation to all other departments who contributed information and statistics used for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

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

Respectfully submitted,



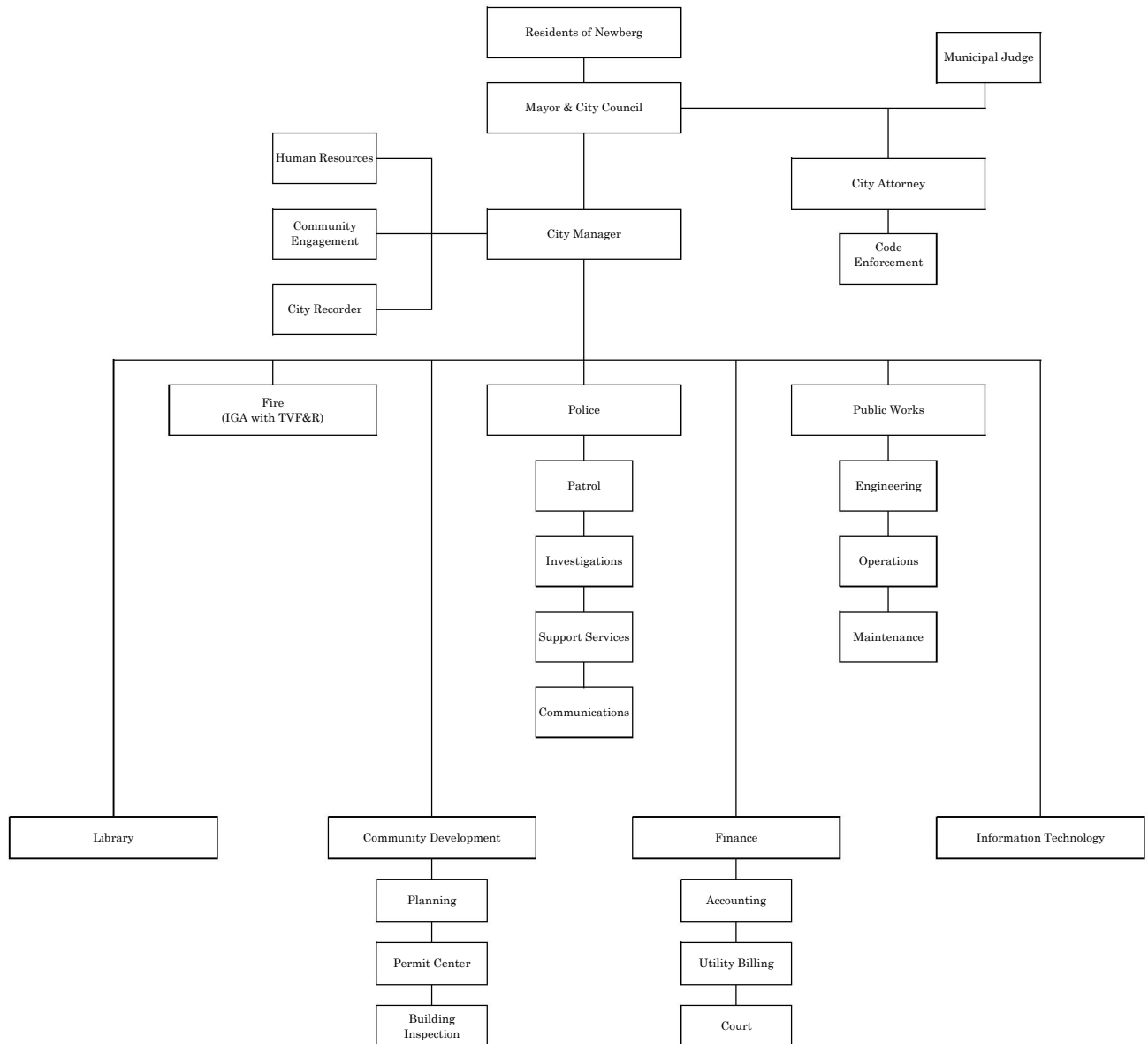
Matt Zook  
Finance Director



Joe Hannan  
City Manager

# City of Newberg, Oregon

## Organizational Chart



**CITY OF NEWBERG**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**  
**June 30, 2018**

**CITY MANAGER**

Joe Hannan

**CITY ATTORNEY**

Truman A. Stone

**MUNICIPAL JUDGE**

Larry Blake Jr.

**MAYOR**

Bob Andrews  
PO Box 970  
Newberg, OR 97132

**TERM EXPIRATION**

December 31, 2018

**COUNCIL MEMBERS**

Denise Bacon  
PO Box 970  
Newberg, OR 97132

December 31, 2020

Mike Corey  
PO Box 970  
Newberg, OR 97132

December 31, 2020

Patrick Johnson  
PO Box 970  
Newberg, OR 97132

December 31, 2018

Stephen McKinney  
PO Box 970  
Newberg, OR 97132

December 31, 2018

Scott Essin  
PO Box 970  
Newberg, OR 97132

December 31, 2018

Matt Murray  
PO Box 970  
Newberg, OR 97132

December 31, 2020



Government Finance Officers Association

**Certificate of  
Achievement  
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Presented to

**City of Newberg  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

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## ***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Mayor, City Council and Management  
**CITY OF NEWBERG**  
Newberg, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF NEWBERG, as of and for the year ended June 30, 2018, 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*

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

#### *Auditor's Responsibility*

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

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

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

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF NEWBERG as of June 30, 2018 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.

### *Emphasis of Matter*

As discussed in Note 1R to the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a* - *p* and the required supplementary information on pages 75 - 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 21, 2018, on our consideration of the City's compliance with certain provisions of laws and regulation, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 21, 2018

By:

A handwritten signature in blue ink, appearing to read 'B. Bingenheimer', is written over a faint, larger signature.

Bradley G. Bingenheimer, Member

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**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2018*

---

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, 2018. 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 \$150.8 million. Of this amount, \$7.2 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 \$7.4 million, or 5.2%. The positive effect on net position is due to traditional operations of \$5.9 million, decreasing debt of \$0.1 million, an increase in capital assets of \$2.3 million, and a prior period adjustment of \$0.6 million. The negative effect on net position is due to the net change of net pension liability and pension related items of \$1.5 million.
- Revenue from property taxes levied for general purposes increased \$0.2 million or 2.9% during the fiscal year. Franchise and public service taxes increased \$0.4 million or 10.3% over the prior fiscal year.
- Depreciation expense for 2017-18 was \$6,694,413.
- Total cost of all programs was \$38.1 million, an increase of \$1.7 million from the prior year. The increase primarily relates to changes in pension liabilities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2018*

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

**Fund Financial Statements.** Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current available resources, as well as on balances of current resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Due to the fact that the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may further understand the long-term impact of the government's near-term financial decisions.

**Governmental Funds.** The City maintains 15 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds: General Fund, Street Fund, Street Capital Projects Fund, and Building Inspection Fund. Data from the other 11 governmental funds are combined into a single, aggregated presentation. For each major fund, a separate Statement (or Schedule) of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented. Information on non-major funds can be found in the Combining and Individual Fund Financial Statements and Schedules section of this report.

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

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2018*

---

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This section also includes capital asset, long-term debt, and other financial schedules.

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

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

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

**Statistical Section.** This section includes historical trend information and demographics.

**Reports of Independently Certified Public Accountants Required by Statutes.** Supplemental communication on City compliance and internal controls as required by Oregon statutes.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2018*

**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 \$150.8 million at the close of the most recent fiscal year. This represents a \$7.4 million increase over the prior fiscal year.

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

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

|                                      | <b>Governmental Activities</b> |         | <b>Business-type Activities</b> |         | <b>Total Government</b> |          |
|--------------------------------------|--------------------------------|---------|---------------------------------|---------|-------------------------|----------|
|                                      | 2018                           | 2017    | 2018                            | 2017    | 2018                    | 2017     |
| Cash and investments                 | \$ 17.5                        | \$ 12.0 | \$ 29.9                         | \$ 28.1 | \$ 47.4                 | \$ 40.1  |
| Other assets                         | 1.9                            | 1.1     | 2.0                             | 2.7     | 3.9                     | 3.8      |
| Capital assets                       | 76.3                           | 74.7    | 89.1                            | 88.5    | 165.4                   | 163.2    |
| Total assets                         | 95.7                           | 87.8    | 121.0                           | 119.3   | 216.7                   | 207.1    |
| Deferred Outflows of resources       |                                |         |                                 |         |                         |          |
| Pension related items                | 5.6                            | 8.2     | 2.8                             | 4.1     | 8.4                     | 12.3     |
| Postemployment benefit related items | 0.1                            | -       | -                               | -       | -                       | -        |
| Deferred refunding charge            | -                              | -       | 0.3                             | 0.3     | 0.3                     | 0.3      |
| Total deferred outflows of resources | 5.7                            | 8.2     | 3.1                             | 4.4     | 8.7                     | 12.6     |
| Long-term obligations                | 25.3                           | 24.2    | 43.0                            | 47.7    | 68.3                    | 71.9     |
| Other liabilities                    | 2.8                            | 1.3     | 0.9                             | 1.1     | 3.7                     | 2.4      |
| Total liabilities                    | 28.1                           | 25.5    | 43.9                            | 48.8    | 72.0                    | 74.3     |
| Deferred inflows of resources        |                                |         |                                 |         |                         |          |
| Pension related items                | 1.6                            | 1.2     | 1.0                             | 1.0     | 2.6                     | 2.2      |
| Postemployment benefit related items | -                              | -       | -                               | -       | -                       | -        |
| Total deferred inflows of resources  | 1.6                            | 1.2     | 1.0                             | 1.0     | 2.6                     | 2.2      |
| Net position:                        |                                |         |                                 |         |                         |          |
| Net investment in capital assets     | 75.1                           | 73.9    | 54.6                            | 51.3    | 129.7                   | 125.2    |
| Restricted                           | 7.5                            | 5.6     | 6.4                             | 5.8     | 13.9                    | 11.4     |
| Unrestricted                         | (10.9)                         | (10.1)  | 18.1                            | 16.9    | 7.2                     | 6.8      |
| Total net position                   | \$ 71.7                        | \$ 69.4 | \$ 79.1                         | \$ 74.0 | \$ 150.8                | \$ 143.4 |

By far, the largest portion of the City of Newberg's net position (\$129.7 million, or 86.0%) is investment in capital assets (land, building, equipment, infrastructure, net of depreciation and any related outstanding debt used to acquire those capital assets). The City uses these capital assets to provide services to citizens and consequently, they are not available for future spending. Although the City of Newberg's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate these liabilities.

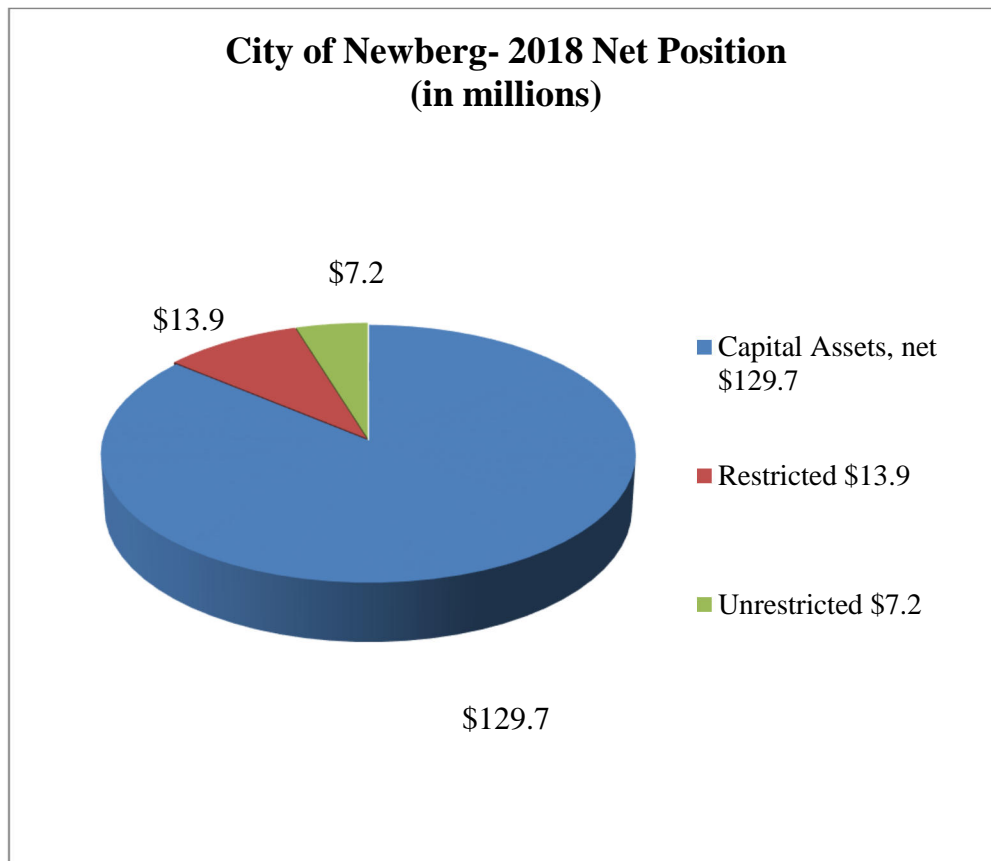


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An additional portion of the City of Newberg's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position totals \$13.9 million or 9.2%, and represent cash and investments that are legally restricted for capital expansion or debt service. The remaining balance of unrestricted net position totaling \$7.2 million, or 4.8%, 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.



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**STATEMENT OF ACTIVITIES**

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

**TABLE 2**  
**ACTIVITIES FOR FISCAL YEARS ENDING JUNE 30, 2018 and 2017**  
(in millions)

|                                                                         | <b>Governmental<br/>Activities</b> |         | <b>Business-type<br/>Activities</b> |         | <b>Total<br/>Government</b> |          |
|-------------------------------------------------------------------------|------------------------------------|---------|-------------------------------------|---------|-----------------------------|----------|
|                                                                         | 2018                               | 2017    | 2018                                | 2017    | 2018                        | 2017     |
| Revenues                                                                |                                    |         |                                     |         |                             |          |
| Charges for services                                                    | \$ 6.6                             | \$ 5.3  | \$ 15.7                             | \$ 14.9 | 22.3                        | 20.2     |
| Operating grants and contributions                                      | 1.8                                | 1.7     | -                                   | -       | 1.8                         | 1.7      |
| Capital grants and contributions                                        | 3.5                                | 1.1     | 4.3                                 | 2.3     | 7.8                         | 3.4      |
| Taxes                                                                   | 11.9                               | 11.3    | -                                   | -       | 11.9                        | 11.3     |
| Interest                                                                | 0.3                                | 0.1     | 0.5                                 | 0.3     | 0.8                         | 0.4      |
| Total revenues                                                          | 24.1                               | 19.5    | 20.5                                | 17.5    | 44.6                        | 37.0     |
| Expenses                                                                |                                    |         |                                     |         |                             |          |
| General government                                                      | 0.5                                | 0.6     | -                                   | -       | 0.5                         | 0.6      |
| Public safety                                                           | 14.1                               | 13.6    | -                                   | -       | 14.1                        | 13.6     |
| Library                                                                 | 1.9                                | 1.6     | -                                   | -       | 1.9                         | 1.6      |
| Community development                                                   | 5.6                                | 4.6     | -                                   | -       | 5.6                         | 4.6      |
| Interest on long-term debt                                              | 0.2                                | 0.2     | -                                   | -       | 0.2                         | 0.2      |
| Water                                                                   | -                                  | -       | 5.1                                 | 4.8     | 5.1                         | 4.8      |
| Wastewater                                                              | -                                  | -       | 9.0                                 | 8.1     | 9.0                         | 8.1      |
| Stormwater                                                              | -                                  | -       | 1.5                                 | 2.0     | 1.5                         | 2.0      |
| Emergency medical services                                              | -                                  | -       | 0.3                                 | 0.9     | 0.3                         | 0.9      |
| Other                                                                   | 0.4                                | -       | -                                   | -       | 0.4                         | -        |
| Total expenses                                                          | 22.7                               | 20.6    | 15.9                                | 15.8    | 38.6                        | 36.4     |
| Increase (decrease) in net assets<br>before transfers and special items | 1.4                                | (1.1)   | 4.6                                 | 1.7     | 6.0                         | 0.6      |
| Special items                                                           | -                                  | -       | 0.8                                 | -       | 0.8                         | -        |
| Transfers                                                               | 0.3                                | 0.3     | (0.3)                               | (0.3)   | -                           | -        |
| Changes in net position                                                 | 1.7                                | (0.8)   | 5.1                                 | 1.4     | 6.8                         | 0.6      |
| Beginning net position                                                  | 69.4                               | 70.3    | 73.9                                | 72.5    | 143.4                       | 142.8    |
| Prior Period Adjustment                                                 | 0.5                                | -       | 0.1                                 | -       | 0.6                         | -        |
| Ending net position                                                     | \$ 71.7                            | \$ 69.4 | \$ 79.1                             | \$ 74.0 | \$ 150.8                    | \$ 143.4 |

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2018*

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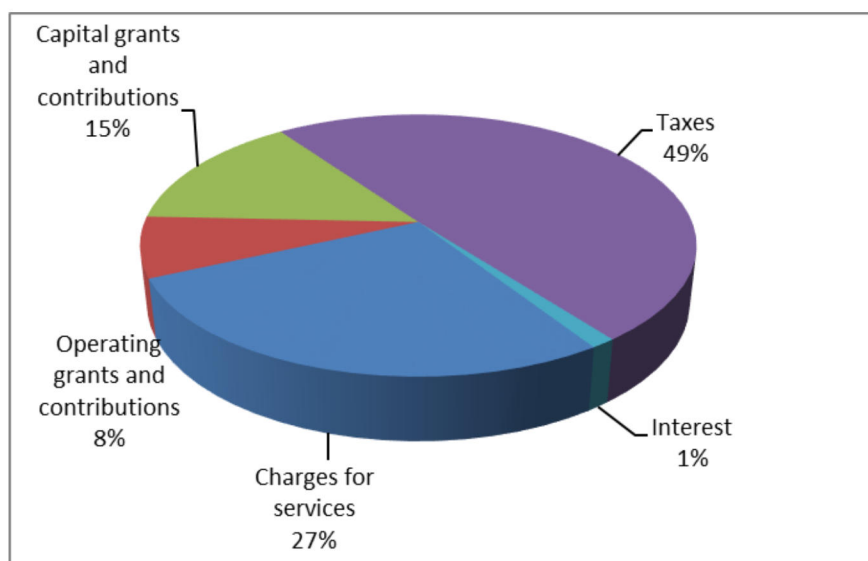
***Governmental Activities***

During the current fiscal year, the net position for governmental activities increased \$2.2 million from the prior fiscal year for an ending balance of \$71.7 million. The primary reason for this is the combined change of net pension liability and pension related items of \$1.5 million, as well as a prior period adjustment of \$0.5 million, which is further explained in the footnote disclosures. An analysis of the revenues and expenses follows:

- Charges for services – These are revenues that arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. This category also includes municipal court revenues from issuance of traffic citations. Charges for services increased over the prior year by \$1.3 million, primarily due to the addition of a new transportation utility fee that generated \$1.0 million toward street improvement and rehabilitation.
- 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 increased by \$2.4 million over the prior year, primarily due to increased street system development charges of \$1.8 million and increased capital contributions of \$0.6 million, due to increased 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 \$0.2 million or 2.8% over the prior fiscal year. Franchise and public service taxes increased by \$0.4 million or 10.3%, primarily due to new state-shared marijuana tax (\$0.1 million) and increased local transient lodging tax activity (\$0.1 million).
- Interest – This is revenue derived from the City's investment of cash and reserves. Due to continued improvement in investment earnings, revenues from this source doubled for the second year in a row as compared to the prior year earnings, totaling \$257,864 in fiscal year 2017-18.
- Other - This is miscellaneous revenue not related to services provided.

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**Governmental Activities – Revenues by Source**



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

**Table 3**  
**Governmental Activities - Program Expenses**  
**for the fiscal year ended June 30, 2018**  
**(in millions)**

| <b>Programs</b>            | <b>FY 2017-18</b> |                         | <b>Compared to FY 2016-17</b>     |                |
|----------------------------|-------------------|-------------------------|-----------------------------------|----------------|
|                            | <b>Amount</b>     | <b>Percent of Total</b> | <b>Increase/(Decrease) Amount</b> | <b>Percent</b> |
| General government         | \$ 0.5            | 2.2%                    | \$ (0.1)                          | -16.7%         |
| Public safety              | 14.1              | 63.2%                   | 0.5                               | 3.7%           |
| Library                    | 1.9               | 8.5%                    | 0.3                               | 18.8%          |
| Community development      | 5.6               | 25.1%                   | 1.0                               | 21.7%          |
| Interest on long-term debt | 0.2               | 0.9%                    | -                                 | 0.0%           |
| <b>Total expenses</b>      | <b>\$ 22.3</b>    | <b>100.0%</b>           | <b>\$ 1.7</b>                     |                |

- General government and interest expenses were consistent with the prior fiscal year.
- Public safety consists of the police, fire, court, and 911 operations, and the overall expenses increased nominally.
- Library expenses increased in personnel and administrative costs.
- Community Development expenses increased due to pavement preservation corresponding with the new transportation utility fee, as well as a state housing grant.

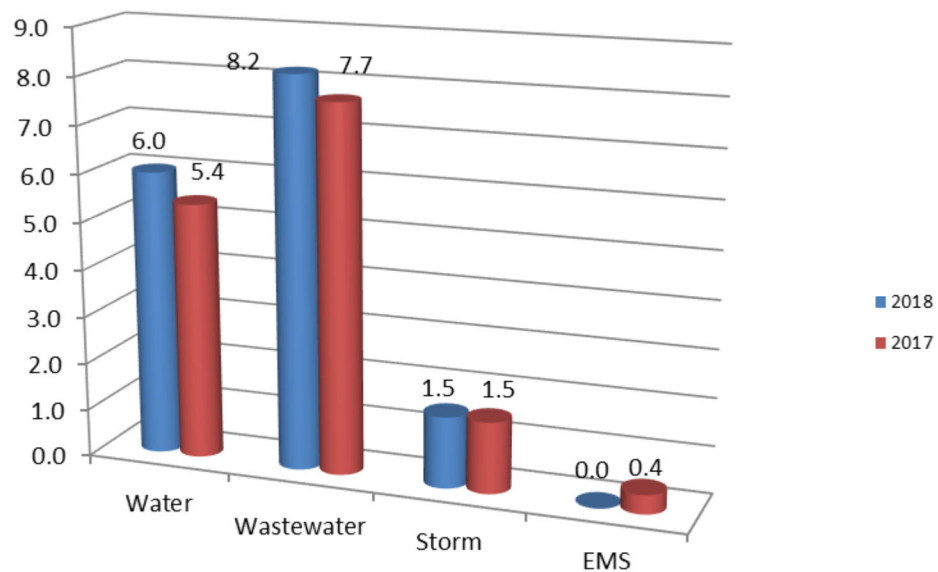
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***Business-type Activities***

During the current fiscal year, the net position for business-type activities increased by \$5.2 million from the prior fiscal year for an ending balance of \$79.1 million. Business-type charges for services experienced modest revenue growth related to annual utility rate increases and activity. Capital grants and contributions experienced a strong increase over the prior year due to both system development charge increases as well as contributed capital due to high development activity. In addition, there was an increase due to a special item pertaining to pension/OPEB related items, which is further explained in footnote disclosure 4.

**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, 2018**  
(in millions)

| <b>Programs</b>            | <b>FY 2017-18</b> |                         | <b>Compared to FY 2016-17</b> |                |
|----------------------------|-------------------|-------------------------|-------------------------------|----------------|
|                            | <b>Amount</b>     | <b>Percent of Total</b> | <b>Increase/(Decrease)</b>    |                |
|                            |                   |                         | <b>Amount</b>                 | <b>Percent</b> |
| Water                      | 5.1               | 32.1%                   | 0.3                           | 6.3%           |
| Wastewater                 | 9.0               | 56.6%                   | 0.9                           | 11.1%          |
| Stormwater                 | 1.5               | 9.4%                    | (0.5)                         | -25.0%         |
| Emergency medical services | 0.3               | 1.9%                    | (0.6)                         | -66.7%         |
| Total expenses             | <u>\$ 15.9</u>    | <u>100.0%</u>           | <u>\$ 0.1</u>                 |                |

- Wastewater expenses increased primarily due to various non-capitalized project costs incurred in 17-18 including sewer pipe maintenance, miscellaneous facility projects, and work on the master plans. Additionally, there was an increase in pension related costs allocated to wastewater from the Admin Support Services Fund, which was not being allocated pension costs in fiscal year 16-17 as well as an increase due to a fiscal year 16-17 misclassification of construction in progress capitalizations related to two storm projects. A correcting entry was made in the form of a prior period adjustment, which is further explained in footnote disclosure 4.
- Stormwater expenses decreased due to a fiscal year 16-17 misclassification of construction in progress capitalizations related to two storm projects. A correcting entry was made in the form of a prior period adjustment, which is further explained in footnote disclosure 4.
- The decrease in the EMS expenses relates to the second and final year of the transfer of services to Tualatin Valley Fire & Rescue.

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**FUND-BASED FINANCIAL ANALYSIS**

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Newberg itself or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Newberg City Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14.9 million, an increase of \$4.4 million in comparison with the prior year. Approximately 27.9% of this amount (\$4.1 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balances is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$0.1 million), 2) restricted for particular purposes (\$9.6 million), 3) committed for particular purposes (\$0.9 million) or 4) assigned for particular purposes (\$0.2 million).

The General Fund is the chief operating fund of the City. The fund balance of the City's General Fund increased by \$0.5 million (13.8%) 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 \$0.2 million, or 2.3%. This increase is less than the prior year increase in part due to decline in the rate of growth in tax assessed valued, lower collections in prior year taxes, and slightly lower percentage in current year collections.
- Other taxes increased \$0.3 million (9.7%) attributable to new a revenue source (state marijuana tax, which included a retroactive payment as well as current year revenue) and franchise fee revenues attributable to higher utility activity.
- Licenses and permits revenue increased by \$0.3 million (36.9%) due to higher development activity within the City.

The Street Fund ending fund balance increased \$0.5 million (66%) primarily due to a new Transportation Utility Fee (\$1.0 million), of which \$0.6 million was transferred out to the Street Capital Projects Fund. Other notable activity not affecting ending fund balance includes an increase in developer contributions (\$0.3 million) and a decrease in intergovernmental revenue relating to a prior year receipt of Surface Transportation Funds

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(\$0.5 million), both of which were offset equally by transfers to the Street Capital Projects Fund, thus not affecting ending fund balance.

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

The Street Capital Projects Fund ending fund balance remained flat. However, project activity increased by \$1.5 million in part due to street paving projects funded by the new Transportation Utility Fee.

Other governmental fund balances increased by \$3.1 million. The primary reasons are due to the new Governmental Capital Projects Fund with a fund balance of \$2.3 million (unspent loan proceeds for the public safety communications upgrade project) and the Street System Development Charges Fund increased net activity of \$0.9 million.

***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 \$2.0 million (7.1%) over the prior fiscal year. Operating costs increased by \$0.2 million during 2017-18. Charges for services increased by \$0.6 million due to increases in utility service activity. Fiscal year 2017-18 also experienced an increase in capital contributions revenue of \$0.3 million.

The net position of the wastewater utility increased by \$1.3 million (3.5%) during fiscal year 2017-18. Charges for services increased by \$0.5 million over the prior year. Operating costs increased by \$1.0 million. Fiscal year 17-18 also experienced an increase in capital contributions revenue of \$1.2 million.

The net position of the stormwater utility increased by \$1.7 million during fiscal year 2017-18. The levels of operational activity remained relatively consistent with prior year with the exception of a decrease in materials and services relating to a fiscal year 2016-17 misclassification of construction in progress capitalizations for which a correcting entry was made in 2017-18 in the form of a prior period adjustment, which is further explained in footnote disclosure 4. Fiscal year 2017-18 also experienced an increase in capital contributions revenue of \$0.5 million.

Net position of the emergency medical services fund increased \$0.2 million during fiscal year 2017-18. The decrease in operating revenues of \$0.4 million was offset by a decrease in operating expenses of \$0.6 million, due to the transfer of services to Tualatin Valley Fire and Rescue. Additionally, a special item of \$0.8 million was recognized pertaining to pension/OPEB related items, which is further explained in the footnote disclosure 4.



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## BUDGETARY HIGHLIGHTS

### Original budget compared to final budget

The budgetary statements for each fund, shown throughout this report, show the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2018. The City executed two supplemental budgets affecting multiple funds to cover minor adjustments for various unanticipated revenues and expenditures within different funds as well as creating the Governmental Capital Projects Fund to account for the new Public Safety Communications Upgrade Project. In addition, a new Transportation Utility Fee was adopted effective September 2017 and was included as a supplemental budget item of approximately \$1.0 million.

### General Fund final budget compared to actual results

General fund actual revenues exceeded budget by 5.3%, primarily due to Licenses and Permits revenues exceeding budget by 99.3%, and franchise fee revenues exceeding budget by 8.3%. General fund expenditures were, in aggregate and excluding transfers, 89.0% of budget, with the largest variances in the police, fire, and planning categories due to various salaries and operating expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2018, the City had invested \$165.5 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$2.4 million.

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

|                          | Governmental<br>Activities |                | Business-type<br>Activities |                | Totals          |                 |
|--------------------------|----------------------------|----------------|-----------------------------|----------------|-----------------|-----------------|
|                          | 2018                       | 2017           | 2018                        | 2017           | 2018            | 2017            |
| Land                     | \$ 1.2                     | \$ 1.2         | \$ 2.8                      | \$ 2.8         | \$ 4.0          | \$ 4.0          |
| Right of way             | 26.8                       | 26.8           | -                           | -              | 26.8            | 26.8            |
| Construction in progress | 3.9                        | 1.3            | 3.0                         | 1.8            | 6.9             | 3.1             |
| Buildings & improvements | 7.3                        | 7.5            | 22.9                        | 23.6           | 30.2            | 31.1            |
| Equipment                | 2.6                        | 2.6            | 25.9                        | 27.0           | 28.5            | 29.6            |
| Utility systems          | -                          | -              | 34.5                        | 33.4           | 34.5            | 33.4            |
| Infrastructure           | 34.6                       | 35.1           | -                           | -              | 34.6            | 35.1            |
| Total                    | <u>\$ 76.4</u>             | <u>\$ 74.5</u> | <u>\$ 89.1</u>              | <u>\$ 88.6</u> | <u>\$ 165.5</u> | <u>\$ 163.1</u> |

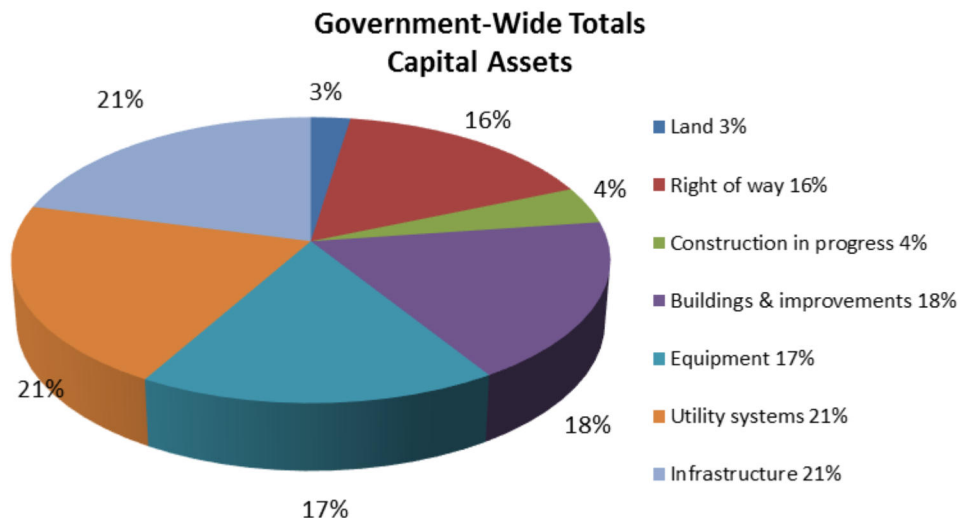
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Major capital asset events during the current fiscal year included the following:

- The City received developer-contributed infrastructure from five developments, which completed in 2017-18. These developers contributed a total of \$2.8 million of infrastructure in the current year.
- Depreciation expense for 2017-18 was \$6,694,413.
- The City began work on the Public Safety Communication Upgrade, expending a total of \$0.9 million of the anticipated \$3.1 million total project cost.
- The City completed work on the oxidation ditch #2 rebuild and the water treatment plant hypochlorite generator, which totaled \$0.7 and \$0.4 million over the course of the construction, respectively.

Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements on page 40 of this report.



**Debt.** As of June 30, 2018, the City had a total long-term debt obligation of \$42.0 million. Of this amount, \$9.6 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$2.6 million to be serviced by the City Hall fee and internal charges to departments and \$7.0 million serviced by user fees and SDCs. The City incurred a new private placement bank loan for \$3.2 million to the public safety communication upgrade projects to be repaid by General Fund revenue. All of these debts are backed by the full faith and credit of the City.

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

|                              | Governmental<br>Activities |               | Business-type<br>Activities |                | Totals         |                |
|------------------------------|----------------------------|---------------|-----------------------------|----------------|----------------|----------------|
|                              | 2018                       | 2017          | 2018                        | 2017           | 2018           | 2017           |
| FF&C Bonds-2015 Refunding    | \$ 0.4                     | \$ 0.7        | \$ 7.0                      | \$ 8.1         | \$ 7.4         | \$ 8.8         |
| FF&C public safety financing | 3.2                        | -             | -                           | -              | 3.2            | -              |
| Limited tax bonds            | 2.2                        | 2.3           | -                           | -              | 2.2            | 2.3            |
| Notes payable                | 1.4                        | 1.5           | 27.8                        | 29.4           | 29.2           | 30.9           |
| Capital leases               | -                          | 0.1           | -                           | -              | -              | 0.1            |
| Total                        | <u>\$ 7.2</u>              | <u>\$ 4.6</u> | <u>\$ 34.8</u>              | <u>\$ 37.5</u> | <u>\$ 42.0</u> | <u>\$ 42.1</u> |

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

Additional information on the City's debt and other long-term obligations can be found in the Notes to the Basic Financial Statements on page 43 of this report.

## ECONOMIC FACTORS

The following economic factors currently affect the City of Newberg:

- The unemployment rate for Yamhill County is currently 3.5%, which continues a downward trend from prior years. This rate has decreased over the last eight years after spiking at a high around 13.2% in 2009, and the 2018 rate is now the lowest in over 30 years.
- The City's taxable assessed value (TAV) for 2018-19 increased by 2.67% over the 2017-18 certified tax roll. This growth rate was down from the TAV increase of 4.19% in 2017-18 tax year. The 2017-18 TAV was adjusted downward in June 2018 (post-certification) primarily due to the settlement of a longstanding dispute between Comcast and the State of Oregon, as well as an adjustment to Frontier and an assessment error on another Newberg business. The adjustment to the TAV in this magnitude should be considered one-time events, although tax adjustments do occur every year as a normal course of operation. TAV increased by \$73 million (3.98%) between the 2017-18 Adjusted and 2018-19 Certified. The City also received a one-time collection of \$188,480 from the Comcast settlement, which is basically a deferred payment from 2009-2018 tax years.

**CITY OF NEWBERG, OREGON**  
**Management's Discussion and Analysis**  
*For the Year Ended June 30, 2018*

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- The City's private retirement plan contribution rate increased for 2017-18 from 29.32% to 34.22%. Additionally, this rate increased to 36.8% for the 2018-19 fiscal year. The rate for 2019-20 will be 37.97%.
- Employer contribution rates for Oregon PERS continue to increase. The rates for Oregon PERS increased by an additional 2.91-5.23% of subject payroll for the 2017-19 biennium and will increase an additional 1.67-2.08% of subject payroll for the 2019-21 biennium. In 2017-18, the City used the PERS reserves set aside in 2016-17 to offset the PERS rate increase effective July 1, 2017.
- Health care costs continued to escalate in FY2018-19 by approximately 9%.
- Non-represented employees within the City received a cost of living increase of 2.0% effective July 1, 2018. Police collective bargaining unit employees received a 3.0% cost of living increase. The public works collective bargaining agreement was approved in January 2018 for three years, and a cost of living adjustment of 2.5% will also be applied on January 1, 2019.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director  
City of Newberg  
PO Box 970  
Newberg, OR 97132  
(503) 537-1216  
[www.newbergoregon.gov/finance](http://www.newbergoregon.gov/finance)

## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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# City of Newberg, Oregon

## STATEMENT OF NET POSITION

June 30, 2018

|                                             | Governmental<br>Activities | Business-Type<br>Activities | Totals                |
|---------------------------------------------|----------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>                               |                            |                             |                       |
| Cash and cash equivalents                   | \$ 17,481,262              | \$ 29,856,382               | \$ 47,337,644         |
| Receivables                                 | 1,842,316                  | 1,716,173                   | 3,558,489             |
| Internal balances                           | (56,659)                   | 56,659                      | -                     |
| Inventories                                 | 111,957                    | 228,057                     | 340,014               |
| Capital assets:                             |                            |                             |                       |
| Land and construction in progress           | 31,938,691                 | 5,804,640                   | 37,743,331            |
| Other capital assets, net of depreciation   | 44,420,279                 | 83,307,569                  | 127,727,848           |
| <b>Total assets</b>                         | <b>95,737,846</b>          | <b>120,969,480</b>          | <b>216,707,326</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                       |
| Pension related items                       | 5,609,083                  | 2,795,481                   | 8,404,564             |
| Other postemployment benefits related items | 29,910                     | 9,876                       | 39,786                |
| Deferred refunding charge                   | 36,116                     | 277,323                     | 313,439               |
| <b>Total deferred outflows of resources</b> | <b>5,675,109</b>           | <b>3,082,680</b>            | <b>8,757,789</b>      |
| <b>LIABILITIES</b>                          |                            |                             |                       |
| Accounts payable and accrued liabilities    | 2,271,685                  | 593,283                     | 2,864,968             |
| Contingent liability                        | 446,000                    | -                           | 446,000               |
| Deposits                                    | 50,432                     | 26,603                      | 77,035                |
| Interest payable                            | 37,993                     | 244,461                     | 282,454               |
| Long-term obligations:                      |                            |                             |                       |
| Due within one year                         | 1,692,533                  | 3,101,558                   | 4,794,091             |
| Due in more than one year                   | 23,594,619                 | 39,944,925                  | 63,539,544            |
| <b>Total liabilities</b>                    | <b>28,093,262</b>          | <b>43,910,830</b>           | <b>72,004,092</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                       |
| Pension related items                       | 1,608,625                  | 993,356                     | 2,601,981             |
| Other postemployment benefits related items | 34,376                     | 11,451                      | 45,827                |
| <b>Total deferred inflows of resources</b>  | <b>1,643,001</b>           | <b>1,004,807</b>            | <b>2,647,808</b>      |
| <b>NET POSITION</b>                         |                            |                             |                       |
| Net investment in capital assets            | 75,051,501                 | 54,630,631                  | 129,682,132           |
| Restricted for:                             |                            |                             |                       |
| Capital projects                            | 3,957,362                  | 6,417,821                   | 10,375,183            |
| Debt service                                | 65,995                     | -                           | 65,995                |
| Public safety                               | 156,300                    | -                           | 156,300               |
| Street maintenance                          | 1,222,625                  | -                           | 1,222,625             |
| Other purposes                              | 2,119,808                  | -                           | 2,119,808             |
| Unrestricted                                | (10,896,899)               | 18,088,071                  | 7,191,172             |
| <b>Total net position</b>                   | <b>\$ 71,676,692</b>       | <b>\$ 79,136,523</b>        | <b>\$ 150,813,215</b> |

*See accompanying notes*

# City of Newberg, Oregon

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

| Functions/Programs                    | Expenses             | Program Revenues           |                                          |                                        |
|---------------------------------------|----------------------|----------------------------|------------------------------------------|----------------------------------------|
|                                       |                      | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <u>Governmental activities:</u>       |                      |                            |                                          |                                        |
| General government                    | \$ 456,661           | \$ 1,164,740               | \$ 196,970                               | \$ -                                   |
| Public safety                         | 14,122,328           | 2,036,208                  | 17,254                                   | -                                      |
| Library                               | 1,880,375            | 114,132                    | 56,803                                   | -                                      |
| Community development                 | 5,605,823            | 3,282,887                  | 1,536,443                                | 3,549,009                              |
| Interest on long-term obligations     | 190,013              | -                          | -                                        | -                                      |
| <u>Total governmental activities</u>  | <u>22,255,200</u>    | <u>6,597,967</u>           | <u>1,807,470</u>                         | <u>3,549,009</u>                       |
| <u>Business-type activities:</u>      |                      |                            |                                          |                                        |
| Water                                 | 5,091,557            | 6,005,357                  | -                                        | 1,205,067                              |
| Wastewater                            | 9,015,163            | 8,165,355                  | -                                        | 2,426,479                              |
| Stormwater                            | 1,474,100            | 1,545,965                  | -                                        | 665,187                                |
| Emergency medical services            | 305,867              | 26,618                     | -                                        | -                                      |
| <u>Total business-type activities</u> | <u>15,886,687</u>    | <u>15,743,295</u>          | <u>-</u>                                 | <u>4,296,733</u>                       |
| Totals                                | <u>\$ 38,141,887</u> | <u>\$ 22,341,262</u>       | <u>\$ 1,807,470</u>                      | <u>\$ 7,845,742</u>                    |

### General revenues:

#### Taxes:

Property taxes levied for general purposes

Property taxes levied for debt service

Franchise and public service taxes

Interest and investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Special item: pension/OPEB related items (see footnote 4)

Contingency loss (see footnote 4)

Transfers

Total general revenues and transfers

Change in net position

Net position--beginning

Prior period adjustment

Net position--ending

*See accompanying notes*

Net (Expense) Revenue and  
Changes in Net Position

| Governmental<br>Activities | Business-Type<br>Activities | Totals                |
|----------------------------|-----------------------------|-----------------------|
| \$ 905,049                 | \$ -                        | \$ 905,049            |
| (12,068,866)               | -                           | (12,068,866)          |
| (1,709,440)                | -                           | (1,709,440)           |
| 2,762,516                  | -                           | 2,762,516             |
| (190,013)                  | -                           | (190,013)             |
| <u>(10,300,754)</u>        | <u>-</u>                    | <u>(10,300,754)</u>   |
| -                          | 2,118,867                   | 2,118,867             |
| -                          | 1,576,671                   | 1,576,671             |
| -                          | 737,052                     | 737,052               |
| -                          | (279,249)                   | (279,249)             |
| -                          | 4,153,341                   | 4,153,341             |
| <u>(10,300,754)</u>        | <u>4,153,341</u>            | <u>(6,147,413)</u>    |
| 7,872,211                  | -                           | 7,872,211             |
| 832                        | -                           | 832                   |
| 3,997,659                  | -                           | 3,997,659             |
| 257,864                    | 464,392                     | 722,256               |
| 15,193                     | -                           | 15,193                |
| 427                        | 2,909                       | 3,336                 |
| -                          | 788,650                     | 788,650               |
| (446,000)                  | -                           | (446,000)             |
| 337,773                    | (337,773)                   | -                     |
| <u>12,035,959</u>          | <u>918,178</u>              | <u>12,954,137</u>     |
| 1,735,205                  | 5,071,519                   | 6,806,724             |
| 69,448,717                 | 73,950,985                  | 143,399,702           |
| 492,770                    | 114,019                     | 606,789               |
| <u>\$ 71,676,692</u>       | <u>\$ 79,136,523</u>        | <u>\$ 150,813,215</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, 2018

|                                                                            | General             | Street              | Building<br>Inspection | Street<br>Capital<br>Projects | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------------------------------------------|---------------------|---------------------|------------------------|-------------------------------|----------------------------|--------------------------------|
| <b>ASSETS</b>                                                              |                     |                     |                        |                               |                            |                                |
| Cash and cash equivalents                                                  | \$ 4,608,795        | \$ 858,589          | \$ 1,482,587           | \$ 781,686                    | \$ 8,025,739               | \$ 15,757,396                  |
| Receivables:                                                               |                     |                     |                        |                               |                            |                                |
| Accounts                                                                   | 228,751             | 353,656             | -                      | -                             | 469,124                    | 1,051,531                      |
| Loans                                                                      | -                   | -                   | -                      | -                             | 31,744                     | 31,744                         |
| Assessments                                                                | -                   | -                   | -                      | -                             | 72,176                     | 72,176                         |
| Taxes                                                                      | 663,748             | -                   | -                      | -                             | 18,186                     | 681,934                        |
| Due from other funds                                                       | 27,181              | -                   | -                      | -                             | -                          | 27,181                         |
| Inventories                                                                | -                   | 90,779              | -                      | -                             | -                          | 90,779                         |
| <b>Total assets</b>                                                        | <b>\$ 5,528,475</b> | <b>\$ 1,303,024</b> | <b>\$ 1,482,587</b>    | <b>\$ 781,686</b>             | <b>\$ 8,616,969</b>        | <b>\$ 17,712,741</b>           |
| <b>LIABILITIES</b>                                                         |                     |                     |                        |                               |                            |                                |
| Accounts payable                                                           | \$ 405,003          | \$ 53,340           | \$ 20,308              | \$ 604,882                    | \$ 101,355                 | \$ 1,184,888                   |
| Other accrued liabilities                                                  | 194,794             | 12,725              | 10,492                 | -                             | 16,887                     | 234,898                        |
| Due to other funds                                                         | -                   | -                   | -                      | -                             | 26,826                     | 26,826                         |
| Deposits                                                                   | 36,098              | 14,334              | -                      | -                             | -                          | 50,432                         |
| Interfund loan                                                             | 63,270              | -                   | -                      | -                             | -                          | 63,270                         |
| Contingent liabilities (see footnote 4)                                    | -                   | -                   | -                      | -                             | 446,000                    | 446,000                        |
| <b>Total liabilities</b>                                                   | <b>699,165</b>      | <b>80,399</b>       | <b>30,800</b>          | <b>604,882</b>                | <b>591,068</b>             | <b>2,006,314</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                     |                     |                        |                               |                            |                                |
| Unavailable revenue-property taxes                                         | 663,748             | -                   | -                      | -                             | 18,186                     | 681,934                        |
| Unavailable revenue-loans                                                  | -                   | -                   | -                      | -                             | 31,744                     | 31,744                         |
| Unavailable revenue-special assessments                                    | -                   | -                   | -                      | -                             | 72,176                     | 72,176                         |
| <b>Total deferred inflows of resources</b>                                 | <b>663,748</b>      | <b>-</b>            | <b>-</b>               | <b>-</b>                      | <b>122,106</b>             | <b>785,854</b>                 |
| <b>FUND BALANCES</b>                                                       |                     |                     |                        |                               |                            |                                |
| Nonspendable                                                               | -                   | 90,779              | -                      | -                             | -                          | 90,779                         |
| Restricted                                                                 | -                   | 1,131,846           | 1,451,787              | -                             | 7,054,372                  | 9,638,005                      |
| Committed                                                                  | -                   | -                   | -                      | 176,804                       | 682,507                    | 859,311                        |
| Assigned                                                                   | -                   | -                   | -                      | -                             | 166,916                    | 166,916                        |
| Unassigned                                                                 | 4,165,562           | -                   | -                      | -                             | -                          | 4,165,562                      |
| <b>Total fund balances</b>                                                 | <b>4,165,562</b>    | <b>1,222,625</b>    | <b>1,451,787</b>       | <b>176,804</b>                | <b>7,903,795</b>           | <b>14,920,573</b>              |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 5,528,475</b> | <b>\$ 1,303,024</b> | <b>\$ 1,482,587</b>    | <b>\$ 781,686</b>             | <b>\$ 8,616,969</b>        | <b>\$ 17,712,741</b>           |

*See accompanying notes*

# City of Newberg, Oregon

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

June 30, 2018

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

|                                                                                                                                                                                                                                                                                                        |                 |              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|
| Total fund balances - governmental funds                                                                                                                                                                                                                                                               | \$              | 14,920,573   |
| 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.                                                                                                                 |                 | 785,854      |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                              |                 | 74,356,720   |
| Governmental activities report as deferred outflows of resources payments to refunding bond escrow agent                                                                                                                                                                                               |                 | 36,116       |
| 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                                                     |                 | 3,838,103    |
| Governmental activities report as deferred outflows of resources an actuarially calculated implicit employer subsidy for postemployment benefits for the year                                                                                                                                          |                 | 24,536       |
| Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds:                                                                                                                                                                                     |                 |              |
| Long-term debt                                                                                                                                                                                                                                                                                         | \$ (7,234,518)  |              |
| Compensated absences                                                                                                                                                                                                                                                                                   | (717,748)       |              |
| Other postemployment benefits                                                                                                                                                                                                                                                                          | (491,701)       |              |
| Accrued interest                                                                                                                                                                                                                                                                                       | <u>(37,993)</u> | (8,481,960)  |
| The statement of activities reports the change in net pension liability as additional expenses for increases and a reduction of expenses for decreases                                                                                                                                                 |                 | (11,464,650) |
| 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                                                                                                         |                 | (1,025,672)  |
| Governmental activities report as deferred inflows the effect of changes of assumptions and inputs for actuarially calculated other postemployment benefit costs                                                                                                                                       |                 | (28,111)     |
| 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 |                 | (1,284,817)  |
| Net position of governmental activities                                                                                                                                                                                                                                                                | \$              | 71,676,692   |

See accompanying notes



# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | General             | Street              | Building<br>Inspection | Street<br>Capital<br>Projects | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------------------|---------------------|---------------------|------------------------|-------------------------------|----------------------------|--------------------------------|
| <b>Revenues</b>                                   |                     |                     |                        |                               |                            |                                |
| Property taxes                                    | \$ 7,864,019        | \$ -                | \$ -                   | \$ -                          | \$ 7,703                   | \$ 7,871,722                   |
| Other taxes                                       | 2,990,659           | -                   | -                      | -                             | 1,118,742                  | 4,109,401                      |
| Licenses and permits                              | 938,729             | 78,884              | 874,686                | -                             | 209,685                    | 2,101,984                      |
| Intergovernmental                                 | 1,280,473           | 1,513,868           | -                      | -                             | 586,294                    | 3,380,635                      |
| Charges for services                              | 121,921             | 1,180,114           | 90,800                 | -                             | 2,699,398                  | 4,092,233                      |
| Fines and forfeitures                             | 593,431             | -                   | -                      | -                             | -                          | 593,431                        |
| Facilities charge                                 | -                   | -                   | -                      | -                             | 119,492                    | 119,492                        |
| Pension bond charge                               | -                   | -                   | -                      | -                             | 248,417                    | 248,417                        |
| Loan collections - principal                      | -                   | -                   | -                      | -                             | 13,534                     | 13,534                         |
| Loan collections - interest                       | -                   | -                   | -                      | -                             | 1,573                      | 1,573                          |
| Assessments                                       | -                   | -                   | -                      | -                             | 5,105                      | 5,105                          |
| Donations                                         | -                   | -                   | -                      | -                             | 36,033                     | 36,033                         |
| Interest                                          | 63,395              | 13,399              | 21,315                 | 7,969                         | 97,835                     | 203,913                        |
| Miscellaneous                                     | 3,046               | 1,953               | 60                     | -                             | -                          | 5,059                          |
| <b>Total revenues</b>                             | <b>13,855,673</b>   | <b>2,788,218</b>    | <b>986,861</b>         | <b>7,969</b>                  | <b>5,143,811</b>           | <b>22,782,532</b>              |
| <b>Expenditures</b>                               |                     |                     |                        |                               |                            |                                |
| Current:                                          |                     |                     |                        |                               |                            |                                |
| General government                                | 195,657             | -                   | -                      | -                             | 157,377                    | 353,034                        |
| Public safety                                     | 11,744,964          | -                   | -                      | -                             | 816,014                    | 12,560,978                     |
| Library                                           | 1,726,286           | -                   | -                      | -                             | 65,497                     | 1,791,783                      |
| Community development                             | 769,426             | 1,207,993           | 626,691                | -                             | 220,331                    | 2,824,441                      |
| Debt service:                                     |                     |                     |                        |                               |                            |                                |
| Principal                                         | -                   | -                   | -                      | -                             | 453,590                    | 453,590                        |
| Interest                                          | -                   | -                   | -                      | -                             | 190,743                    | 190,743                        |
| Capital outlay                                    | -                   | -                   | -                      | 2,708,413                     | 876,452                    | 3,584,865                      |
| <b>Total expenditures</b>                         | <b>14,436,333</b>   | <b>1,207,993</b>    | <b>626,691</b>         | <b>2,708,413</b>              | <b>2,780,004</b>           | <b>21,759,434</b>              |
| Excess (deficiency) of revenues over expenditures | (580,660)           | 1,580,225           | 360,170                | (2,700,444)                   | 2,363,807                  | 1,023,098                      |
| <b>Other financing sources (uses)</b>             |                     |                     |                        |                               |                            |                                |
| Developer contribution proceeds                   | -                   | 342,750             | -                      | -                             | -                          | 342,750                        |
| Sale of capital assets                            | 327                 | 923                 | -                      | -                             | -                          | 1,250                          |
| Loan proceeds                                     | 45,671              | -                   | -                      | -                             | 3,151,630                  | 3,197,301                      |
| Contingency loss (see footnote 4)                 | -                   | -                   | -                      | -                             | (446,000)                  | (446,000)                      |
| Transfers in                                      | 1,252,591           | 2,858               | 653                    | 2,708,413                     | 133,508                    | 4,098,023                      |
| Transfers out                                     | (212,984)           | (1,440,387)         | (16,810)               | -                             | (2,130,970)                | (3,801,151)                    |
| <b>Total other financing sources (uses)</b>       | <b>1,085,605</b>    | <b>(1,093,856)</b>  | <b>(16,157)</b>        | <b>2,708,413</b>              | <b>708,168</b>             | <b>3,392,173</b>               |
| Net change in fund balances                       | 504,945             | 486,369             | 344,013                | 7,969                         | 3,071,975                  | 4,415,271                      |
| Fund balances, July 1, 2017                       | 3,660,617           | 736,256             | 1,107,774              | 168,835                       | 4,831,820                  | 10,505,302                     |
| <b>Fund balances, June 30, 2018</b>               | <b>\$ 4,165,562</b> | <b>\$ 1,222,625</b> | <b>\$ 1,451,787</b>    | <b>\$ 176,804</b>             | <b>\$ 7,903,795</b>        | <b>\$ 14,920,573</b>           |

See accompanying notes

## City of Newberg, Oregon

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

For the Year Ended June 30, 2018

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

|                                                                                                                                                                                                                                                                                            |              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Net change in fund balances - total governmental funds                                                                                                                                                                                                                                     | \$ 4,415,271 |
| Governmental funds deferred revenues that do not provide current financial resources.<br>However, the statement of activities recognizes such revenues at their net realizable value when earned, regardless of when received.                                                             |              |
| Property taxes                                                                                                                                                                                                                                                                             | 1,321        |
| Notes and assessments                                                                                                                                                                                                                                                                      | (18,639)     |
| 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.                                    |              |
|                                                                                                                                                                                                                                                                                            | 460,518      |
| 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                                                                                                                                                                                                                                                                       | (20,017)     |
| Interest                                                                                                                                                                                                                                                                                   | (1,685)      |
| Amortization of deferred refunding charges                                                                                                                                                                                                                                                 | (4,514)      |
| Change in deferred outflows of resources related to Other postemployment benefits                                                                                                                                                                                                          | 3,406        |
| Other postemployment benefits                                                                                                                                                                                                                                                              | (21,044)     |
| Change in deferred inflows of resources related to Other postemployment benefits                                                                                                                                                                                                           | (28,111)     |
| 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                                                                                                   |              |
|                                                                                                                                                                                                                                                                                            | (3,197,301)  |
| 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.                                                                                                    |              |
|                                                                                                                                                                                                                                                                                            | 891,733      |
| In the statement of activities, the (loss) on the disposition of capital assets is reported. The (loss) is not a current financial resource and thus is not reported in the funds.                                                                                                         |              |
|                                                                                                                                                                                                                                                                                            | (35,465)     |
| Capital outlays are reported as expenditures in governmental funds. However, the statement of activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.                                                                                  |              |
| Capital outlays                                                                                                                                                                                                                                                                            | 2,569,269    |
| Depreciation                                                                                                                                                                                                                                                                               | (1,795,527)  |
| 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                                                                                                                                                                                                                                                   | (2,573,186)  |
| Change in net pension asset or liability                                                                                                                                                                                                                                                   | 1,981,124    |
| Change in deferred inflows of resources                                                                                                                                                                                                                                                    | (250,022)    |
| 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.               |              |
|                                                                                                                                                                                                                                                                                            | (641,926)    |
| Change in net position of governmental activities                                                                                                                                                                                                                                          | \$ 1,735,205 |

*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, 2018

|                                                            | Budgeted Amounts    |                     | Actual              | Variance            |
|------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                            | Original            | Final               |                     |                     |
| <u>Revenues</u>                                            |                     |                     |                     |                     |
| Property taxes                                             | \$ 7,855,522        | \$ 7,855,522        | \$ 7,864,019        | \$ 8,497            |
| Franchise fees                                             | 1,587,223           | 1,587,223           | 1,718,256           | 131,033             |
| Licenses and permits                                       | 470,900             | 470,900             | 938,729             | 467,829             |
| Intergovernmental                                          | 2,517,633           | 2,517,633           | 2,552,876           | 35,243              |
| Charges for services                                       | 124,430             | 124,430             | 121,921             | (2,509)             |
| Fines and forfeitures                                      | 576,440             | 576,440             | 593,431             | 16,991              |
| Interest                                                   | 21,233              | 21,233              | 62,144              | 40,911              |
| Miscellaneous                                              | 4,750               | 4,750               | 3,046               | (1,704)             |
| <b>Total revenues</b>                                      | <b>13,158,131</b>   | <b>13,158,131</b>   | <b>13,854,422</b>   | <b>696,291</b>      |
| <u>Expenditures</u>                                        |                     |                     |                     |                     |
| General government                                         | 210,073             | 210,073             | 195,657             | 14,416              |
| Municipal court                                            | 312,131             | 312,131             | 294,124             | 18,007              |
| Police                                                     | 6,835,552           | 6,871,213           | 6,511,997           | 359,216             |
| Fire                                                       | 3,866,703           | 3,866,703           | 3,876,778           | (10,075)            |
| Communications                                             | 3,509,676           | 1,317,360           | 1,062,065           | 255,295             |
| Library                                                    | 1,767,171           | 1,767,171           | 1,726,286           | 40,885              |
| Planning                                                   | 1,262,702           | 1,262,702           | 769,426             | 493,276             |
| Contingency                                                | 643,504             | 607,843             | -                   | 607,843             |
| <b>Total expenditures</b>                                  | <b>18,407,512</b>   | <b>16,215,196</b>   | <b>14,436,333</b>   | <b>1,778,863</b>    |
| <b>Excess (deficiency) of revenues over expenditures</b>   | <b>(5,249,381)</b>  | <b>(3,057,065)</b>  | <b>(581,911)</b>    | <b>(2,475,154)</b>  |
| <u>Other financing sources (uses)</u>                      |                     |                     |                     |                     |
| Loan Proceeds                                              | 2,239,616           | 47,300              | 45,671              | 2,332,587           |
| Sale of capital assets                                     | 1,000               | 1,000               | 327                 | 2,327               |
| Transfers in                                               | 1,174,924           | 1,174,924           | 1,252,591           | 77,667              |
| Transfers out                                              | (143,834)           | (143,834)           | (52,161)            | 91,673              |
| <b>Total other financing sources (uses)</b>                | <b>3,271,706</b>    | <b>1,079,390</b>    | <b>1,246,428</b>    | <b>2,504,254</b>    |
| <b>Net change in fund balance</b>                          | <b>(1,977,675)</b>  | <b>(1,977,675)</b>  | <b>664,517</b>      | <b>2,642,192</b>    |
| <b>Fund balance, July 1, 2017</b>                          | <b>3,077,675</b>    | <b>3,077,675</b>    | <b>3,564,315</b>    | <b>486,640</b>      |
| <b>Fund balance, June 30, 2018</b>                         | <b>\$ 1,100,000</b> | <b>\$ 1,100,000</b> | <b>4,228,832</b>    | <b>\$ 3,128,832</b> |
| Reconciliation to generally accepted accounting principles |                     |                     |                     |                     |
| Interfund loan                                             |                     |                     | (63,270)            |                     |
| <b>Fund balance, June 30, 2018</b>                         |                     |                     | <b>\$ 4,165,562</b> |                     |

See accompanying notes

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |             |              |              |
|---------------------------------------------------|------------------|-------------|--------------|--------------|
|                                                   | Original         | Final       | Actual       | Variance     |
| <u>Revenues</u>                                   |                  |             |              |              |
| Licenses and permits                              | \$ 34,875        | \$ 34,875   | \$ 78,884    | \$ 44,009    |
| Intergovernmental                                 | 1,573,500        | 1,573,500   | 1,513,868    | (59,632)     |
| Charges for services                              | 2,500            | 959,837     | 1,180,114    | 220,277      |
| Interest                                          | 2,500            | 2,500       | 13,399       | 10,899       |
| Miscellaneous                                     | -                | -           | 1,953        | 1,953        |
| Total revenues                                    | 1,613,375        | 2,570,712   | 2,788,218    | 217,506      |
| <u>Expenditures</u>                               |                  |             |              |              |
| Public works                                      | 1,362,441        | 1,362,441   | 1,207,993    | 154,448      |
| Contingency                                       | 95,939           | 95,939      | -            | 95,939       |
| Total expenditures                                | 1,458,380        | 1,458,380   | 1,207,993    | 250,387      |
| Excess (deficiency) of revenues over expenditures | 154,995          | 1,112,332   | 1,580,225    | 467,893      |
| <u>Other financing sources (uses)</u>             |                  |             |              |              |
| Developer projects                                | 340,000          | 340,000     | 342,750      | 2,750        |
| Sale of capital assets                            | -                | -           | 923          | 923          |
| Transfers in                                      | 2,829            | 2,829       | 2,858        | 29           |
| Transfers out                                     | (987,150)        | (1,944,487) | (1,440,387)  | 504,100      |
| Total other financing sources (uses)              | (644,321)        | (1,601,658) | (1,093,856)  | 507,802      |
| Net change in fund balance                        | (489,326)        | (489,326)   | 486,369      | 975,695      |
| Fund balance, July 01, 2017                       | 489,326          | 489,326     | 736,256      | 246,930      |
| Fund balance, June 30, 2018                       | \$ -             | \$ -        | \$ 1,222,625 | \$ 1,222,625 |

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, 2018

|                                                       | Budgeted Amounts |                  |                     |                     |
|-------------------------------------------------------|------------------|------------------|---------------------|---------------------|
|                                                       | Original         | Final            | Actual              | Variance            |
| <u>Revenues</u>                                       |                  |                  |                     |                     |
| Licenses and permits                                  | \$ 775,571       | \$ 775,571       | \$ 874,686          | \$ 99,115           |
| Charges for services                                  | 41,900           | 41,900           | 90,800              | 48,900              |
| Interest                                              | 7,000            | 7,000            | 21,315              | 14,315              |
| Miscellaneous                                         | 200              | 200              | 60                  | (140)               |
| <b>Total revenues</b>                                 | <b>824,671</b>   | <b>824,671</b>   | <b>986,861</b>      | <b>162,190</b>      |
| <u>Expenditures</u>                                   |                  |                  |                     |                     |
| Building inspection                                   | 689,957          | 689,957          | 626,691             | 63,266              |
| Contingency                                           | 1,050,905        | 1,050,905        | -                   | 1,050,905           |
| <b>Total expenditures</b>                             | <b>1,740,862</b> | <b>1,740,862</b> | <b>626,691</b>      | <b>1,114,171</b>    |
| <br>Excess (deficiency) of revenues over expenditures | <br>(916,191)    | <br>(916,191)    | <br>360,170         | <br>1,276,361       |
| <u>Other financing sources (uses)</u>                 |                  |                  |                     |                     |
| Transfers In                                          | 647              | 647              | 653                 | 6                   |
| Transfers Out                                         | (16,810)         | (16,810)         | (16,810)            | -                   |
| <b>Total other financing sources (uses)</b>           | <b>(16,163)</b>  | <b>(16,163)</b>  | <b>(16,157)</b>     | <b>6</b>            |
| <br>Net change in fund balance                        | <br>(932,354)    | <br>(932,354)    | <br>344,013         | <br>1,276,367       |
| Fund balance, July 01, 2017                           | 932,354          | 932,354          | 1,107,774           | 175,420             |
| <b>Fund balance, June 30, 2018</b>                    | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 1,451,787</b> | <b>\$ 1,451,787</b> |

See accompanying notes

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## **FUND FINANCIAL STATEMENTS**

### **Proprietary Funds**

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

#### **Enterprise**

- **Water**
- **Wastewater**
- **Stormwater**
- **Emergency Medical Services**

#### **Internal Service**

- **Administrative Support Services** (Combined into "Governmental Activities Column")
- **Vehicle/Equipment Replacement** (Combined into "Governmental Activities Column")

For budgetary purposes, the water, wastewater, and stormwater activities are accounted for in the following separate funds:

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

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

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

# City of Newberg, Oregon

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2018

|                                             | Business-type Activities |                      |                     |                            |                        | Governmental Activities |
|---------------------------------------------|--------------------------|----------------------|---------------------|----------------------------|------------------------|-------------------------|
|                                             | Water                    | Waste-water          | Storm-water         | Emergency Medical Services | Total Enterprise Funds | Internal Service Funds  |
| <b>ASSETS</b>                               |                          |                      |                     |                            |                        |                         |
| <u>Current assets</u>                       |                          |                      |                     |                            |                        |                         |
| Cash and cash equivalents                   | \$ 10,321,875            | \$ 17,319,714        | \$ 666,348          | \$ -                       | \$ 28,307,937          | \$ 3,272,311            |
| Accounts and notes receivable, net          | 785,118                  | 789,035              | 141,665             | 355                        | 1,716,173              | 4,931                   |
| Due from other funds                        | 63,270                   | -                    | -                   | -                          | 63,270                 | -                       |
| Inventory                                   | 183,608                  | 44,449               | -                   | -                          | 228,057                | 21,178                  |
| <b>Total current assets</b>                 | <b>11,353,871</b>        | <b>18,153,198</b>    | <b>808,013</b>      | <b>355</b>                 | <b>30,315,437</b>      | <b>3,298,420</b>        |
| <u>Noncurrent assets</u>                    |                          |                      |                     |                            |                        |                         |
| Land and construction in progress           | 1,128,996                | 2,772,059            | 1,903,585           | -                          | 5,804,640              | -                       |
| Other capital assets, net of depreciation   | 28,049,111               | 47,460,600           | 7,571,796           | 226,062                    | 83,307,569             | 2,002,250               |
| <b>Total noncurrent assets</b>              | <b>29,178,107</b>        | <b>50,232,659</b>    | <b>9,475,381</b>    | <b>226,062</b>             | <b>89,112,209</b>      | <b>2,002,250</b>        |
| <b>Total assets</b>                         | <b>40,531,978</b>        | <b>68,385,857</b>    | <b>10,283,394</b>   | <b>226,417</b>             | <b>119,427,646</b>     | <b>5,300,670</b>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                          |                      |                     |                            |                        |                         |
| Pension related items                       | 1,001,550                | 1,370,912            | 423,019             | -                          | 2,795,481              | 1,770,980               |
| Other postemployment benefits related items | 4,355                    | 4,303                | 1,218               | -                          | 9,876                  | 5,374                   |
| Deferred refunding charge                   | 249,980                  | 27,343               | -                   | -                          | 277,323                | -                       |
| <b>Total deferred outflows of resources</b> | <b>1,255,885</b>         | <b>1,402,558</b>     | <b>424,237</b>      | <b>-</b>                   | <b>3,082,680</b>       | <b>1,776,354</b>        |
| <b>LIABILITIES</b>                          |                          |                      |                     |                            |                        |                         |
| <u>Current liabilities</u>                  |                          |                      |                     |                            |                        |                         |
| Accounts payable and accrued liabilities    | 96,539                   | 371,486              | 50,623              | -                          | 518,648                | 116,568                 |
| Payroll liabilities                         | 35,983                   | 47,898               | 17,050              | -                          | 100,931                | 735,331                 |
| Due to other funds                          | -                        | -                    | -                   | 355                        | 355                    | -                       |
| Interest payable                            | 46,344                   | 198,117              | -                   | -                          | 244,461                | -                       |
| Deferred revenue                            | 76                       | 231                  | -                   | -                          | 307                    | -                       |
| Compensated absences                        | 114,272                  | 131,323              | 51,598              | -                          | 297,193                | 212,403                 |
| Current portion of capital leases payable   | -                        | -                    | -                   | -                          | -                      | 15,988                  |
| Current portion of notes payable            | 1,022,779                | 1,781,586            | -                   | -                          | 2,804,365              | -                       |
| <b>Total current liabilities</b>            | <b>1,315,993</b>         | <b>2,530,641</b>     | <b>119,271</b>      | <b>355</b>                 | <b>3,966,260</b>       | <b>1,080,290</b>        |
| <u>Long-term obligations</u>                |                          |                      |                     |                            |                        |                         |
| Notes payable, net of current portion       | 7,175,156                | 24,779,380           | -                   | -                          | 31,954,536             | -                       |
| Net pension liability                       | 2,789,442                | 3,811,386            | 1,189,271           | -                          | 7,790,099              | 5,040,566               |
| Other postemployment benefits liability     | 87,325                   | 87,787               | 25,178              | -                          | 200,290                | 109,578                 |
| <b>Total long-term obligations</b>          | <b>10,051,923</b>        | <b>28,678,553</b>    | <b>1,214,449</b>    | <b>-</b>                   | <b>39,944,925</b>      | <b>5,150,144</b>        |
| <b>Total liabilities</b>                    | <b>11,367,916</b>        | <b>31,209,194</b>    | <b>1,333,720</b>    | <b>355</b>                 | <b>43,911,185</b>      | <b>6,230,434</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                          |                      |                     |                            |                        |                         |
| Pension related items                       | 356,577                  | 491,058              | 145,721             | -                          | 993,356                | 582,953                 |
| Other postemployment benefits related items | 4,993                    | 5,019                | 1,439               | -                          | 11,451                 | 6,265                   |
| <b>Total deferred inflows of resources</b>  | <b>361,570</b>           | <b>496,077</b>       | <b>147,160</b>      | <b>-</b>                   | <b>1,004,807</b>       | <b>589,218</b>          |
| <b>NET POSITION</b>                         |                          |                      |                     |                            |                        |                         |
| Net investment in capital assets            | 21,230,152               | 23,699,036           | 9,475,381           | 226,062                    | 54,630,631             | 1,986,262               |
| Restricted for:                             |                          |                      |                     |                            |                        |                         |
| System expansion                            | 314,198                  | 5,966,311            | 137,312             | -                          | 6,417,821              | -                       |
| Unrestricted                                | 8,514,027                | 8,417,797            | (385,942)           | -                          | 16,545,882             | (1,728,890)             |
| <b>Total net position</b>                   | <b>\$ 30,058,377</b>     | <b>\$ 38,083,144</b> | <b>\$ 9,226,751</b> | <b>\$ 226,062</b>          | <b>77,594,334</b>      | <b>\$ 257,372</b>       |

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

Net position of business-type activities

1,542,189

\$ 79,136,523



# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                                                                        | Business-type Activities |                 |                 |                                  |                              | Governmental<br>Activities |
|--------------------------------------------------------------------------------------------------------|--------------------------|-----------------|-----------------|----------------------------------|------------------------------|----------------------------|
|                                                                                                        | Water                    | Waste-<br>water | Storm-<br>water | Emergency<br>Medical<br>Services | Total<br>Enterprise<br>Funds | Internal<br>Service Funds  |
| <u>Operating revenues</u>                                                                              |                          |                 |                 |                                  |                              |                            |
| Charges for services, net                                                                              | \$ 5,935,990             | \$ 8,137,018    | \$ 1,520,380    | \$ 26,618                        | \$ 15,620,006                | \$ 5,627,497               |
| Miscellaneous                                                                                          | 69,367                   | 28,337          | 25,585          | -                                | 123,289                      | 10,134                     |
| Total operating revenues                                                                               | 6,005,357                | 8,165,355       | 1,545,965       | 26,618                           | 15,743,295                   | 5,637,631                  |
| <u>Operating expenses</u>                                                                              |                          |                 |                 |                                  |                              |                            |
| Personal services                                                                                      | 1,583,912                | 2,287,772       | 673,790         | -                                | 4,545,474                    | 4,082,329                  |
| Materials and services                                                                                 | 2,012,357                | 3,162,235       | 465,156         | 225,542                          | 5,865,290                    | 1,896,482                  |
| Depreciation and amortization                                                                          | 1,265,305                | 2,819,951       | 298,382         | 80,325                           | 4,463,963                    | 434,923                    |
| Total operating expenses                                                                               | 4,861,574                | 8,269,958       | 1,437,328       | 305,867                          | 14,874,727                   | 6,413,734                  |
| Operating income (loss)                                                                                | 1,143,783                | (104,603)       | 108,637         | (279,249)                        | 868,568                      | (776,103)                  |
| <u>Nonoperating revenues (expenses)</u>                                                                |                          |                 |                 |                                  |                              |                            |
| Interest income                                                                                        | 170,376                  | 281,029         | 12,084          | 903                              | 464,392                      | 52,378                     |
| Interest expense                                                                                       | (261,371)                | (744,333)       | -               | -                                | (1,005,704)                  | -                          |
| Gain (loss) on sale of capital assets                                                                  | 1,063                    | 923             | 923             | -                                | 2,909                        | 34,642                     |
| Total nonoperating revenues (expenses)                                                                 | (89,932)                 | (462,381)       | 13,007          | 903                              | (538,403)                    | 87,020                     |
| Income (loss) before capital contributions<br>and transfers                                            | 1,053,851                | (566,984)       | 121,644         | (278,346)                        | 330,165                      | (689,083)                  |
| Capital contributions                                                                                  | 1,205,067                | 2,426,479       | 665,187         | -                                | 4,296,733                    | -                          |
| Special item: pension/OPEB related items                                                               | -                        | -               | -               | 788,650                          | 788,650                      | -                          |
| Transfers in                                                                                           | 41,511                   | 2,858           | 2,858           | -                                | 47,227                       | 40,901                     |
| Transfers out                                                                                          | -                        | -               | -               | (381,638)                        | (381,638)                    | (3,362)                    |
| Change in net position                                                                                 | 2,300,429                | 1,862,353       | 789,689         | 128,666                          | 5,081,137                    | (651,544)                  |
| Net position, July 1, 2017                                                                             | 28,071,605               | 36,786,025      | 7,479,913       | 61,635                           | 72,399,178                   | 3,615,722                  |
| Prior period adjustment                                                                                | (313,657)                | (565,234)       | 957,149         | 35,761                           | 114,019                      | (2,706,806)                |
| Net position, June 30, 2018                                                                            | \$30,058,377             | \$38,083,144    | \$ 9,226,751    | \$ 226,062                       | 77,594,334                   | \$ 257,372                 |
| Adjustment to reflect the combination of internal service fund activities related to enterprise funds. |                          |                 |                 |                                  | (9,618)                      |                            |
| Change in net position of business-type activities                                                     |                          |                 |                 |                                  | \$ 5,071,519                 |                            |

See accompanying notes

**City of Newberg, Oregon**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2018

|                                                                                                                 | Business-type Activities |               |              |                            |                        | Governmental Activities |
|-----------------------------------------------------------------------------------------------------------------|--------------------------|---------------|--------------|----------------------------|------------------------|-------------------------|
|                                                                                                                 | Water                    | Waste-water   | Storm-water  | Emergency Medical Services | Total Enterprise Funds | Internal Service Funds  |
| <u>Cash flows from operating activities</u>                                                                     |                          |               |              |                            |                        |                         |
| Cash received from customers                                                                                    | \$ 5,822,598             | \$ 8,064,441  | \$ 1,503,573 | \$ 29,419                  | \$ 15,420,031          | \$ -                    |
| Cash received from other funds                                                                                  | -                        | -             | -            | -                          | -                      | 5,625,033               |
| Cash paid to suppliers                                                                                          | (2,070,901)              | (3,218,652)   | (519,313)    | 271,358                    | (5,537,508)            | (1,894,621)             |
| Cash paid to employees                                                                                          | (1,486,287)              | (1,989,330)   | (687,282)    | -                          | (4,162,899)            | (2,820,677)             |
| Other receipts                                                                                                  | 69,367                   | 28,337        | 25,585       | -                          | 123,289                | 10,134                  |
| Net cash provided by (used in) operating activities                                                             | 2,334,777                | 2,884,796     | 322,563      | 300,777                    | 5,842,913              | 919,869                 |
| <u>Cash flows from noncapital financing activities</u>                                                          |                          |               |              |                            |                        |                         |
| Transfers in                                                                                                    | 61,779                   | 2,858         | 2,858        | -                          | 67,495                 | 40,901                  |
| Transfers out                                                                                                   | -                        | -             | -            | (381,638)                  | (381,638)              | (3,362)                 |
| Net cash provided by (used in) noncapital financing activities                                                  | 61,779                   | 2,858         | 2,858        | (381,638)                  | (314,143)              | 37,539                  |
| <u>Cash flows from capital and related financing activities</u>                                                 |                          |               |              |                            |                        |                         |
| Principal paid on long-term obligations                                                                         | (968,932)                | (1,787,809)   | -            | -                          | (2,756,741)            | (66,488)                |
| Interest paid on long-term obligations                                                                          | (291,501)                | (824,190)     | -            | -                          | (1,115,691)            | -                       |
| Purchases of capital assets                                                                                     | (499,585)                | (1,798,114)   | (883,875)    | -                          | (3,181,574)            | (497,086)               |
| Sale of capital assets                                                                                          | 1,063                    | 923           | 923          | -                          | 2,909                  | 34,642                  |
| Developer contributions                                                                                         | 570,829                  | 1,765,467     | 81,060       | -                          | 2,417,356              | -                       |
| Net cash provided by (used in) capital and related financing activities                                         | (1,188,126)              | (2,643,723)   | (801,892)    | -                          | (4,633,741)            | (528,932)               |
| <u>Cash flows from investing activities</u>                                                                     |                          |               |              |                            |                        |                         |
| Interest received on investments                                                                                | 170,376                  | 281,029       | 12,084       | 903                        | 464,392                | 52,378                  |
| Net cash provided by investing activities                                                                       | 170,376                  | 281,029       | 12,084       | 903                        | 464,392                | 52,378                  |
| Net increase (decrease) in cash and cash equivalents                                                            | 1,378,806                | 524,960       | (464,387)    | (79,958)                   | 1,359,421              | 480,854                 |
| Cash and cash equivalents, July 1, 2017                                                                         | 8,943,069                | 16,794,754    | 1,130,735    | 79,958                     | 26,948,516             | 2,791,457               |
| Cash and cash equivalents, June 30, 2018                                                                        | \$ 10,321,875            | \$ 17,319,714 | \$ 666,348   | \$ -                       | \$ 28,307,937          | \$ 3,272,311            |
| Reconciliation of operating income (loss)<br>to net cash provided by (used in) operating activities:            |                          |               |              |                            |                        |                         |
| Operating income (loss)                                                                                         | \$ 1,143,783             | \$ (104,603)  | \$ 108,637   | \$ (279,249)               | \$ 868,568             | \$ (776,103)            |
| <u>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</u> |                          |               |              |                            |                        |                         |
| Depreciation and amortization                                                                                   | 1,265,305                | 2,819,951     | 298,382      | 80,325                     | 4,463,963              | 434,923                 |
| (Increase) decrease in OPEB related items                                                                       | 8,172                    | 9,888         | 3,182        | -                          | 21,242                 | 12,291                  |
| (Increase) decrease in notes receivable                                                                         | -                        | -             | -            | 500,000                    | 500,000                | -                       |
| (Increase) decrease in accounts receivable                                                                      | (113,392)                | (72,577)      | (16,807)     | 2,446                      | (200,330)              | (2,464)                 |
| (Increase) decrease in pension related items                                                                    | 78,403                   | 275,366       | (24,252)     | -                          | 329,517                | 1,038,258               |
| (Increase) decrease in inventory                                                                                | (11,412)                 | 5,994         | -            | -                          | (5,418)                | 88                      |
| Increase (decrease) in accounts payable                                                                         | (47,208)                 | (62,642)      | (54,157)     | (3,100)                    | (167,107)              | 1,773                   |
| Increase (decrease) in payroll liabilities                                                                      | 2,940                    | 5,627         | 1,480        | -                          | 10,047                 | 195,101                 |
| Increase (decrease) in due to other funds                                                                       | -                        | -             | -            | 355                        | 355                    | -                       |
| Increase (decrease) in deferred revenue                                                                         | 76                       | 231           | -            | -                          | 307                    | -                       |
| Increase (decrease) in compensated absences                                                                     | 8,110                    | 7,561         | 6,098        | -                          | 21,769                 | 16,002                  |
| Net cash provided by (used in) operating activities                                                             | \$ 2,334,777             | \$ 2,884,796  | \$ 322,563   | \$ 300,777                 | \$ 5,842,913           | \$ 919,869              |
| <u>Schedule of noncash capital and related financing activities</u>                                             |                          |               |              |                            |                        |                         |
| Transfers                                                                                                       | \$ (20,268)              | \$ -          | \$ -         | \$ -                       | \$ (20,268)            | \$ -                    |
| Developer contributed capital assets                                                                            | 643,200                  | 655,551       | 584,127      | -                          | 1,882,878              | -                       |

*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, 2018

|                                                         | Employees<br>Retirement<br>Plan Trust | Agency    |
|---------------------------------------------------------|---------------------------------------|-----------|
| <u>ASSETS</u>                                           |                                       |           |
| Cash                                                    | \$ -                                  | \$ 71,734 |
| Investments                                             |                                       |           |
| Pooled separate accounts with Principal Financial Group | 20,628,929                            | -         |
| Total assets                                            | 20,628,929                            | 71,734    |
| <u>LIABILITIES</u>                                      |                                       |           |
| Accounts payable                                        | -                                     | 7,068     |
| Due to others                                           | -                                     | 64,666    |
| Total liabilities                                       | -                                     | \$ 71,734 |
| <u>NET POSITION</u>                                     |                                       |           |
| Net position restricted for pensions                    | \$ 20,628,929                         |           |

See accompanying notes

# City of Newberg, Oregon

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

For the year ended June 30, 2018

|                                                   | Employees<br>Retirement<br>Plan Trust |
|---------------------------------------------------|---------------------------------------|
| <u>Additions</u>                                  |                                       |
| Contributions                                     |                                       |
| Employer                                          | \$ 1,304,250                          |
| Plan members                                      | 235,670                               |
| Total contributions                               | 1,539,920                             |
| Investment earnings                               |                                       |
| Net appreciation in the fair value of investments | 1,469,649                             |
| Total investment earnings                         | 1,469,649                             |
| Total additions                                   | 3,009,569                             |
| <u>Deductions</u>                                 |                                       |
| Benefits                                          | 1,728,432                             |
| Administrative expenses                           | 46,149                                |
| Total deductions                                  | 1,774,581                             |
| Change in net position                            | 1,234,988                             |
| Net position, beginning                           | 19,393,941                            |
| Net position, ending                              | \$ 20,628,929                         |

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, 2018

### 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, 2018

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 and fire protection, communications, library, and planning. Additionally, the PERS Rate Stabilization Reserve Fund, which was budgeted separately in the 2017-18 adopted budget, is included in the General Fund in the fund financial statements.

- *Street*

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

- *Building Inspection*

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

- *Street Capital Projects*

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

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

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

The City reports the following proprietary funds:

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

Additionally, the City reports the following fund types:

- *Special Revenue* - Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- *Debt Service* - Accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
- *Capital Projects* – Accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.
- *Internal Service* - Accounts for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City's internal service funds include Administrative Support Services and the Vehicle/Equipment Replacement Fund. The aggregate of all internal service funds are reflected in the fund financial statements.
- *Fiduciary*  
Pension Trust - City of Newberg Employees Retirement Plan accounts for the accumulation of resources for pension benefit payments to qualified public employees.

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

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### **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, 2018

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

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

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

#### **Cash and Investments**

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

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

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

#### **Receivables**

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

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

Property taxes that are collected within 30 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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.

### **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

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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.

### **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 reports 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.

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

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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.

The city council established, by resolution, a stabilization arrangement by way of a new budgetary fund called PERS Rate Stabilization Reserve Fund. The 2016-17 budget included appropriated transfers from various funds for the purpose of setting aside money in advance of anticipated PERS employer rate increases effective July 1, 2017. The reserves budgeted in this fund were appropriated back to the originating funds in the 2017-18 budget. There was no fund balance as of June 30, 2018. This fund was included in the General Fund within the governmental fund financial statements.



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### **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. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued by GASB in June 2015, replacing the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 75 establishes new accounting and financial reporting requirements for OPEB plans. This statement provides guidance for accounting for OPEB assets and liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The City adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the government-wide financial statements as of June 30, 2017. See prior period adjustment footnote disclosure for more detail.

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

### **Budgetary Information**

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

Each spring, the city manager submits a proposed budget to the budget committee (consisting of the city council, mayor, and an equal number of appointed citizens of the City). The City is required to budget all funds (except Fiduciary Funds). For all fund types, interfund loans are budgeted as sources and uses in accordance with state budget laws. Estimated revenues and expenditures are budgeted by fund and object. Information on the past two years' actual revenues and expenditures and current-year estimates are included in the budget document.

The budget committee conducts public hearings for the purpose of obtaining citizens' comments and then approves a budget and submits it to the city council for adoption. The approved expenditures for each fund may not be increased by more than 10 percent by council without publishing a notice of a second budget hearing and financial summary, and holding such hearing. After the council adopts the budget and certifies the total of *ad valorem* taxes to be levied, no additional tax levy may be made for that fiscal year.

The city council adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. Totals by program (ex. general government, police, fire, etc), transfers and debt service are levels of control established by the resolution. Appropriations lapse as of the year-end.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

The city council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by the Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires publications in newspapers, hearings before the public, and approval by the city council. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within a level of control, but cannot make changes to the level of control totals themselves. During the fiscal year ended June 30, 2018, the city council approved two supplemental budget resolutions.

The following is a reconciliation of the differences between the budgetary basis and accounting principles generally accepted in the United States of America for revenues and other financing sources over (under) expenditures and other financing uses:

|                                                                        | General Fund      |
|------------------------------------------------------------------------|-------------------|
| Net change in fund balance - GAAP                                      | \$ 504,945        |
| Revenues of separately budgeted fund which is included in the          |                   |
| General Fund on the governmental fund statements                       | (1,251)           |
| Other financing sources of separately budgeted fund which is           |                   |
| included in the General Fund on the governmental fund statements       | 181,091           |
| Transfers out related to repayment of interfund loan to Water SDC fund | (20,268)          |
| Net change in fund balance - budgetary basis                           | <u>\$ 664,517</u> |

In addition, a reconciliation of the differences between budgetary basis and accounting principles generally accepted in the United States of America in beginning and ending fund balances is as follows:

|                                                                         | General Fund        |
|-------------------------------------------------------------------------|---------------------|
| Beginning fund balance - generally accepted accounting principles basis | \$ 3,660,617        |
| Ending balance of separately budgeted funds which are included in the   |                     |
| General Fund                                                            | (179,840)           |
| Remaining balance of interfund loan as of June 30, 2017                 | 83,538              |
| Beginning fund balance - budgetary basis                                | <u>\$ 3,564,315</u> |

|                                                                      | General Fund        |
|----------------------------------------------------------------------|---------------------|
| Ending fund balance - generally accepted accounting principles basis | \$ 4,165,562        |
| Remaining balance of interfund loan as of June 30, 2018              | 63,270              |
| Ending fund balance - budgetary basis                                | <u>\$ 4,228,832</u> |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### Excess of Expenditures over Appropriations

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

|               | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------|------------------------|---------------------|---------------|-----------------|
| General Fund: |                        |                     |               |                 |
| Fire          | \$3,866,703            | \$3,866,703         | \$3,876,778   | (\$10,075)      |

### 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, 2018:

- Pooled separate accounts with Principal Financial Group of \$20,628,929 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, 2018:

|                                               |    |                   |
|-----------------------------------------------|----|-------------------|
| Cash on hand                                  | \$ | 1,875             |
| Cash with county treasurer                    |    | 79,468            |
| Deposits with financial institutions          |    | 1,095,950         |
| Local government investment pool              |    | 46,232,085        |
| Investments                                   |    | <u>20,628,929</u> |
| Total cash, cash equivalents, and investments | \$ | <u>68,038,307</u> |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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

### **Credit Risk**

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

As of June 30, 2018, the City had the following investment:

| Investments                                                             | Maturities | Total         | Fair Value    | Credit Risk |
|-------------------------------------------------------------------------|------------|---------------|---------------|-------------|
| Pooled Separate Accounts with Principal Financial Group (Pension Trust) | N/A        | \$ 20,628,929 | \$ 20,628,929 | 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, 2018, \$1,112,569 of the City's bank balances were exposed to custodial

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

credit risk as they were collateralized with securities held by the pledging financial institution's agent, but not in the City's name.

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

### Governmental funds/activities

|                                                                 |                   |
|-----------------------------------------------------------------|-------------------|
| General                                                         | \$ 4,608,795      |
| Street                                                          | 858,589           |
| Building inspection                                             | 1,482,587         |
| Street capital projects                                         | 781,686           |
| Nonmajor governmental                                           | <u>8,025,739</u>  |
| Total governmental funds                                        | 15,757,396        |
| Internal service fund cash allocated to governmental activities | <u>1,723,866</u>  |
| Total governmental activities                                   | <u>17,481,262</u> |

### Business-type activities/Enterprise funds

|                                                                  |                   |
|------------------------------------------------------------------|-------------------|
| Enterprise                                                       |                   |
| Water                                                            | 10,321,875        |
| Wastewater                                                       | 17,319,714        |
| Stormwater                                                       | <u>666,348</u>    |
| Total enterprise funds                                           | 28,307,937        |
| Internal service fund cash allocated to business-type activities | <u>1,548,445</u>  |
| Total business-type activities                                   | <u>29,856,382</u> |

### Fiduciary funds

|                                 |                      |
|---------------------------------|----------------------|
| Employees retirement plan trust | 20,628,929           |
| Agency                          | <u>71,734</u>        |
| Total fiduciary funds           | <u>20,700,663</u>    |
| Total cash and cash equivalents | <u>\$ 68,038,307</u> |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### 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:

| Fund                        | Accounts            | Loans            | Assessments       | Taxes             | Total               |
|-----------------------------|---------------------|------------------|-------------------|-------------------|---------------------|
| Governmental                |                     |                  |                   |                   |                     |
| General                     | \$ 228,751          | \$ -             | \$ -              | \$ 663,748        | \$ 892,499          |
| Street                      | 353,656             | -                | -                 | -                 | 353,656             |
| Nonmajor                    | 469,124             | 31,744           | 72,176            | 18,186            | 591,230             |
| Business-type/(proprietary) |                     |                  |                   |                   |                     |
| Enterprise                  |                     |                  |                   |                   |                     |
| Water                       | 743,147             | -                | 41,971            | -                 | 785,118             |
| Wastewater                  | 783,574             | -                | 5,461             | -                 | 789,035             |
| Stormwater                  | 141,665             | -                | -                 | -                 | 141,665             |
| Emergency Medical Services  | 355                 | -                | -                 | -                 | 355                 |
| Internal service            | 4,931               | -                | -                 | -                 | 4,931               |
|                             | <u>\$ 2,725,203</u> | <u>\$ 31,744</u> | <u>\$ 119,608</u> | <u>\$ 681,934</u> | <u>\$ 3,558,489</u> |

Court fines in the amount of \$5,770,255 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, 2018

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

The interfund transfer activity for fiscal year ended June 30, 2018 is as follows:

|                            | <u>Transfers in</u> | <u>Transfers out</u> |
|----------------------------|---------------------|----------------------|
| <u>Governmental funds:</u> |                     |                      |
| General                    | \$ 1,252,591        | \$ 212,984           |
| Street                     | 2,858               | 1,440,387            |
| Building inspection        | 653                 | 16,810               |
| Street capital projects    | 2,708,413           | -                    |
| Nonmajor                   | 133,508             | 2,130,970            |
| <u>Proprietary funds:</u>  |                     |                      |
| Water                      | 41,511              | -                    |
| Wastewater                 | 2,858               | -                    |
| Stormwater                 | 2,858               | -                    |
| EMS                        | -                   | 381,638              |
| Internal service funds     | 40,901              | 3,362                |
| Totals                     | <u>\$ 4,186,151</u> | <u>\$ 4,186,151</u>  |

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

The General Fund borrowed \$200,000 from the Water System Development Fund to pay for a portion of the animal shelter construction costs. The interfund loan is being repaid with annual payments over 10 fiscal years beginning in June of 2012 at an interest rate of 2%. The balance at June 30, 2018 is \$63,270.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

### Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

|                                             | Beginning<br>Balance<br>July 1, 2017 | Additions    | Deletions   | Ending<br>Balance<br>June 30, 2018 |
|---------------------------------------------|--------------------------------------|--------------|-------------|------------------------------------|
| Capital assets not being depreciated:       |                                      |              |             |                                    |
| Land                                        | \$ 1,248,373                         | \$ -         | \$ -        | \$ 1,248,373                       |
| Right of way                                | 26,831,118                           | -            | -           | 26,831,118                         |
| Construction in progress                    | 1,290,579                            | 2,595,275    | (26,654)    | 3,859,200                          |
| Total capital assets not being depreciated  | 29,370,070                           | 2,595,275    | (26,654)    | 31,938,691                         |
| Capital assets being depreciated:           |                                      |              |             |                                    |
| Buildings and improvements                  | 12,527,451                           | 41,483       | (62,586)    | 12,506,348                         |
| Equipment                                   | 10,541,482                           | 456,252      | (179,526)   | 10,818,208                         |
| Infrastructure                              | 69,716,071                           | 891,733      | -           | 70,607,804                         |
| Total capital assets being depreciated      | 92,785,004                           | 1,389,468    | (242,112)   | 93,932,360                         |
| Less accumulated depreciation for:          |                                      |              |             |                                    |
| Buildings and improvements                  | (4,990,831)                          | (291,178)    | 27,121      | (5,254,888)                        |
| Equipment                                   | (7,856,369)                          | (597,143)    | 179,525     | (8,273,987)                        |
| Infrastructure                              | (34,641,077)                         | (1,342,129)  | -           | (35,983,206)                       |
| Total accumulated depreciation              | (47,488,277)                         | (2,230,450)  | 206,646     | (49,512,081)                       |
| Total capital assets being depreciated, net | 45,296,727                           | (840,982)    | (35,466)    | 44,420,279                         |
| Governmental activities capital assets, net | \$ 74,666,797                        | \$ 1,754,293 | \$ (62,120) | \$ 76,358,970                      |

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

|                                                                                                          |              |
|----------------------------------------------------------------------------------------------------------|--------------|
| General government                                                                                       | \$ 94,537    |
| Public safety                                                                                            | 335,688      |
| Library                                                                                                  | 37,467       |
| Community development                                                                                    | 1,327,835    |
| Depreciation incurred in internal<br>service funds charged to various<br>governmental functions/programs | 434,923      |
| Total                                                                                                    | \$ 2,230,450 |

Capital assets of the internal service funds are included in the governmental activities. For the fiscal year ended June 30, 2018, internal service fund capital assets, net of depreciation were \$2,002,250.



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

Capital asset activity for business-type activities for the year ended June 30, 2018 was as follows:

|                                              | Beginning<br>Balance<br>July 1, 2017 | Additions           | Deletions             | Ending<br>Balance<br>June 30, 2018 |
|----------------------------------------------|--------------------------------------|---------------------|-----------------------|------------------------------------|
| Capital assets not being depreciated:        |                                      |                     |                       |                                    |
| Land                                         | \$ 2,794,292                         | \$ -                | \$ -                  | \$ 2,794,292                       |
| Construction in progress                     | <u>1,753,292</u>                     | <u>3,048,051</u>    | <u>(1,790,995)</u>    | <u>3,010,348</u>                   |
| Total capital assets not being depreciated   | <u>4,547,584</u>                     | <u>3,048,051</u>    | <u>(1,790,995)</u>    | <u>5,804,640</u>                   |
| Capital assets being depreciated:            |                                      |                     |                       |                                    |
| Buildings and improvements                   | 44,736,354                           | 736,675             | -                     | 45,473,029                         |
| Equipment                                    | 40,765,803                           | 834,324             | (35,923)              | 41,564,204                         |
| Utility systems                              | <u>52,269,663</u>                    | <u>2,236,397</u>    | <u>-</u>              | <u>54,506,060</u>                  |
| Total capital assets being depreciated       | <u>137,771,820</u>                   | <u>3,807,396</u>    | <u>(35,923)</u>       | <u>141,543,293</u>                 |
| Less accumulated depreciation for:           |                                      |                     |                       |                                    |
| Buildings and improvements                   | (21,124,940)                         | (1,493,390)         | -                     | (22,618,330)                       |
| Equipment                                    | (13,792,358)                         | (1,917,807)         | 35,923                | (15,674,242)                       |
| Utility systems                              | <u>(18,890,386)</u>                  | <u>(1,052,766)</u>  | <u>-</u>              | <u>(19,943,152)</u>                |
| Total accumulated depreciation               | <u>(53,807,684)</u>                  | <u>(4,463,963)</u>  | <u>35,923</u>         | <u>(58,235,724)</u>                |
| Total capital assets being depreciated, net  | <u>83,964,136</u>                    | <u>(656,567)</u>    | <u>-</u>              | <u>83,307,569</u>                  |
| Business-type activities capital assets, net | <u>\$ 88,511,720</u>                 | <u>\$ 2,391,484</u> | <u>\$ (1,790,995)</u> | <u>\$ 89,112,209</u>               |

Depreciation expense for business-type activities for the year ended June 30, 2018 was as follows:

|                            |                     |
|----------------------------|---------------------|
| Water                      | \$ 1,265,305        |
| Wastewater                 | 2,819,951           |
| Stormwater                 | 298,382             |
| Emergency medical services | <u>80,325</u>       |
| Total                      | <u>\$ 4,463,963</u> |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

### Operating Leases

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

The future minimum lease obligations as of June 30, 2018 were as follows:

| Year ended<br>June 30, | Lease Obligations |
|------------------------|-------------------|
| 2019                   | \$ 29,961         |
| 2020                   | 16,601            |
| 2021                   | 14,494            |
| 2022                   | 10,251            |
| 2023                   | 2,498             |
| Totals                 | <u>\$ 73,805</u>  |

### 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 \$77,928 and accumulated depreciation of \$38,964 have been recorded under capital leases as of June 30, 2018.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

| Year Ending<br>June 30, | Governmental activities |          |
|-------------------------|-------------------------|----------|
|                         | Principal               | Interest |
| 2019                    | \$ 15,988               | \$ 424   |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

### 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<br>July 1, 2017 | Increase     | Decrease       | Ending Balance<br>June 30, 2018 | Amounts Due<br>Within One Year |
|-----------------------------------------------------------------------------------|-----------------------------------|--------------|----------------|---------------------------------|--------------------------------|
| <b>Governmental Activities</b>                                                    |                                   |              |                |                                 |                                |
| Long-term debt obligations                                                        |                                   |              |                |                                 |                                |
| Limited tax pension bonds                                                         | \$ 2,285,000                      | \$ -         | \$ (110,000)   | \$ 2,175,000                    | \$ 130,000                     |
| Full faith and credit refunding bonds                                             | 640,000                           | -            | (240,000)      | 400,000                         | 240,000                        |
| Unamortized note premium                                                          | 46,727                            | -            | (5,192)        | 41,535                          | 5,192                          |
| Full faith and credit public safety<br>communications upgrade financing agreement | -                                 | 3,197,301    | -              | 3,197,301                       | 264,940                        |
| Oregon Transportation Infrastructure<br>Bank loan                                 | 1,524,272                         | -            | (103,590)      | 1,420,682                       | 106,262                        |
| Capital lease obligations                                                         | 84,212                            | -            | (68,224)       | 15,988                          | 15,988                         |
| Total long-term debt obligations                                                  | 4,580,211                         | 3,197,301    | (527,006)      | 7,250,506                       | 762,382                        |
| Other long-term obligations                                                       |                                   |              |                |                                 |                                |
| Compensated absences                                                              | 894,133                           | 930,151      | (894,133)      | 930,151                         | 930,151                        |
| Net pension liability                                                             | 17,554,945                        | -            | (1,049,729)    | 16,505,216                      | -                              |
| Other postemployment benefits liability                                           | 573,451                           | 27,828       | -              | 601,279                         | -                              |
| Total Governmental Activities                                                     | \$ 23,602,740                     | \$ 4,155,280 | \$ (2,470,868) | \$ 25,287,152                   | \$ 1,692,533                   |
| <b>Business-type Activities</b>                                                   |                                   |              |                |                                 |                                |
| Long-term debt obligations                                                        |                                   |              |                |                                 |                                |
| Notes payable, Business Oregon                                                    |                                   |              |                |                                 |                                |
| Wastewater                                                                        | \$ 4,147,377                      | \$ -         | \$ (603,163)   | \$ 3,544,214                    | \$ 287,934                     |
| Water                                                                             | 1,564,449                         | -            | (227,582)      | 1,336,867                       | 108,670                        |
| Unamortized note premium                                                          | 177,000                           | 460,588      | (14,750)       | 622,838                         | 56,622                         |
| Clean Water State Revolving Fund                                                  |                                   |              |                |                                 |                                |
| Wastewater                                                                        | 23,160,267                        | -            | (1,033,584)    | 22,126,683                      | 1,011,852                      |
| Notes payable, US Bank                                                            |                                   |              |                |                                 |                                |
| Wastewater                                                                        | 386,000                           | -            | (193,000)      | 193,000                         | 193,000                        |
| Full faith and credit refunding bonds                                             |                                   |              |                |                                 |                                |
| Wastewater                                                                        | 540,585                           | -            | (292,490)      | 248,095                         | 248,095                        |
| Unamortized note discount                                                         | (3,672)                           | -            | 408            | (3,264)                         | (408)                          |
| Water                                                                             | 7,224,415                         | -            | (867,510)      | 6,356,905                       | 856,905                        |
| Unamortized note premium                                                          | 375,258                           | -            | (41,695)       | 333,563                         | 41,695                         |
| Total long-term debt obligations                                                  | 37,571,679                        | 460,588      | (3,273,366)    | 34,758,901                      | 2,804,365                      |
| Other long-term obligations                                                       |                                   |              |                |                                 |                                |
| Compensated absences                                                              | 275,424                           | 297,193      | (275,424)      | 297,193                         | 297,193                        |
| Net pension liability                                                             | 9,433,547                         | -            | (1,643,448)    | 7,790,099                       | -                              |
| Other postemployment benefits liability                                           | 224,850                           | -            | (24,560)       | 200,290                         | -                              |
| Total Business-type Activities                                                    | \$ 47,505,500                     | \$ 757,781   | \$ (5,216,798) | \$ 43,046,483                   | \$ 3,101,558                   |

Long-term obligations of the internal service funds are included in the governmental activities. As of June 30, 2018, internal service fund long-term obligations were \$5,378,535.

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, 2018

#### *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 carry interest rates ranging from 4.596% to 6.095%. Final maturity is June 2028. Future debt service payments are as follows:

| Year ended<br>June 30, | Principal           | Interest          |
|------------------------|---------------------|-------------------|
| 2019                   | \$ 130,000          | \$ 131,882        |
| 2020                   | 150,000             | 124,063           |
| 2021                   | 170,000             | 115,040           |
| 2022                   | 190,000             | 104,815           |
| 2023                   | 215,000             | 93,386            |
| 2024-28                | <u>1,320,000</u>    | <u>237,401</u>    |
| Totals                 | <u>\$ 2,175,000</u> | <u>\$ 806,587</u> |

##### **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. 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<br>June 30, | Principal         | Interest        |
|------------------------|-------------------|-----------------|
| 2019                   | \$ 240,000        | \$ 7,000        |
| 2020                   | <u>160,000</u>    | <u>2,000</u>    |
| Totals                 | <u>\$ 400,000</u> | <u>\$ 9,000</u> |

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

#### **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.

Debt service requirements on the Public Safety Communications Upgrade Financing Agreement to maturity are as follows:

| June 30,  | Principal           | Interest          |
|-----------|---------------------|-------------------|
| 2019      | \$ 264,940          | \$ 107,635        |
| 2020      | 290,318             | 82,257            |
| 2021      | 299,655             | 72,920            |
| 2022      | 307,925             | 64,650            |
| 2023      | 316,424             | 56,151            |
| 2024-2028 | 1,718,039           | 144,835           |
| Totals    | <u>\$ 3,197,301</u> | <u>\$ 528,448</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 January 2018, the City made its annual principal and interest payment of \$142,916. In fiscal year 2017-18, the construction was completed and the City will continue to make installment payments of interest and principal of \$142,916 annually until January of 2036. As of June 30, 2018 drawdowns on the loan totaled \$1,638,910. The City paid \$103,590 toward the principal balance and \$39,326 toward interest. Therefore, as of June 30, 2018 drawdowns less paid principal is \$1,420,682.

Debt service requirements to maturity are as follows:

| June 30,  | Principal           | Interest          |
|-----------|---------------------|-------------------|
| 2019      | \$ 106,262          | \$ 36,654         |
| 2020      | 109,004             | 33,912            |
| 2021      | 111,816             | 31,100            |
| 2022      | 114,701             | 28,215            |
| 2023      | 117,660             | 25,256            |
| 2024-2028 | 635,434             | 79,146            |
| 2029-2031 | 225,805             | 8,115             |
| Totals    | <u>\$ 1,420,682</u> | <u>\$ 242,398</u> |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### *Business-type Activities*

#### **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. 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, 2018, the outstanding balance was \$4,881,081. Water and wastewater system revenues have been pledged to repay the debt.

Future debt service requirements are as follows:

| Year ended<br>June 30, | Principal           | Interest            |
|------------------------|---------------------|---------------------|
| 2019                   | \$ 396,604          | \$ 181,873          |
| 2020                   | 359,222             | 219,466             |
| 2021                   | 377,112             | 204,776             |
| 2022                   | 394,797             | 186,591             |
| 2023                   | 413,287             | 166,851             |
| 2024-2028              | 2,387,319           | 506,623             |
| 2029                   | <u>552,740</u>      | <u>27,147</u>       |
| Totals                 | <u>\$ 4,881,081</u> | <u>\$ 1,493,327</u> |

The City financed the purchase of land for future expansion of the wastewater treatment plant and other facilities in July of 2009. The loan was with US Bank in the amount of \$1,930,000 for a 10-year term. The interest rate is 4.2% annually and the loan matures in April 2019. Future debt payments are as follows:

| Year ended<br>June 30, | Principal         | Interest        |
|------------------------|-------------------|-----------------|
| 2019                   | <u>\$ 193,000</u> | <u>\$ 8,106</u> |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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. 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 \$22,126,683 as of June 30, 2018. The required loan reserve is \$751,564, or one-half the average annual debt service. Future debt payments are as follows:

| Year Ending<br>June 30, | Principal            | Interest            |
|-------------------------|----------------------|---------------------|
| 2019                    | \$ 1,011,852         | \$ 426,490          |
| 2020                    | 1,073,509            | 364,833             |
| 2021                    | 1,092,377            | 345,965             |
| 2022                    | 1,111,577            | 326,765             |
| 2023                    | 1,131,115            | 307,227             |
| 2024-2028               | 5,960,873            | 1,230,837           |
| 2029-2033               | 6,503,474            | 688,236             |
| 2034-2036               | 4,241,906            | 132,129             |
|                         | <u>\$ 22,126,683</u> | <u>\$ 3,822,482</u> |

### **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. 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:

| June 30,  | Principal           | Interest          |
|-----------|---------------------|-------------------|
| 2019      | \$ 1,105,000        | \$ 199,688        |
| 2020      | 885,000             | 174,812           |
| 2021      | 910,000             | 145,550           |
| 2022      | 945,000             | 108,450           |
| 2023      | 985,000             | 69,850            |
| 2024-2026 | 1,775,000           | 77,150            |
| Totals    | <u>\$ 6,605,000</u> | <u>\$ 775,500</u> |

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

#### Unavailable Revenue

The following represents deferred inflows of resources including those from property taxes, loans, and special assessments as of June 30, 2018:

| <u>Fund</u>  | <u>Loans</u>     | <u>Assessments</u> | <u>Taxes</u>      | <u>Total</u>      |
|--------------|------------------|--------------------|-------------------|-------------------|
| Governmental |                  |                    |                   |                   |
| General      | \$ -             | \$ -               | \$ 663,748        | \$ 663,748        |
| Nonmajor     | <u>31,744</u>    | <u>72,176</u>      | <u>18,186</u>     | <u>122,106</u>    |
|              | <u>\$ 31,744</u> | <u>\$ 72,176</u>   | <u>\$ 681,934</u> | <u>\$ 785,854</u> |



# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

### 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**

##### 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, 2016 (the date of the most current actuarial valuations) consisted of 119 active employees, 3 eligible retirees, 2 spouses of eligible retirees, and 2 spouses of ineligible retirees for a total of 126 plan members.

##### C. Contributions

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

|                         |        |
|-------------------------|--------|
| For retirees            | \$ 672 |
| For spouses of retirees | 727    |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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, 2018, the City reported a total OPEB liability of \$801,569. The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

|                                  | <u>Total OPEB<br/>Liability</u> |
|----------------------------------|---------------------------------|
| Balance at June 30, 2017         | \$ 798,301                      |
| Changes for the year:            |                                 |
| Service cost                     | 64,551                          |
| Interest on total OPEB liability | 24,107                          |
| Effect of assumptions or inputs  | (51,156)                        |
| Benefit Payments                 | <u>(34,234)</u>                 |
| Ending balances                  | <u>\$ 801,569</u>               |

For For the year ended June 30, 2018, the City recognized OPEB expense of \$83,329. At June 30, 2018, the City's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                         | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Changes of assumptions                                  | \$ --                                         | \$ 45,827                                    |
| City's contributions subsequent to the measurement Date | <u>39,786</u>                                 | <u>--</u>                                    |
|                                                         | <u>\$ 39,786</u>                              | <u>\$ 45,827</u>                             |

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$39,786 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. 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,

|            |            |
|------------|------------|
| 2019       | \$ (5,329) |
| 2020       | (5,329)    |
| 2021       | (5,329)    |
| 2022       | (5,329)    |
| 2023       | (5,329)    |
| Thereafter | (19,182)   |

#### E. Actuarial valuation

The City's contributions are based on the accruing benefit costs measured using the individual 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 attributable 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 normal 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, 2016                                                                                                                                                  |
| Actuarial Cost Method      | Entry Age Normal, Level Percent of Pay                                                                                                                        |
| Actuarial Assumptions:     |                                                                                                                                                               |
| Inflation Rate             | 2.5 percent                                                                                                                                                   |
| Projected Salary Increases | 3.5 percent                                                                                                                                                   |
| Mortality                  | Healthy retirees and beneficiaries:<br>RP-2000 white collar male and female set back one<br>year for male, generational per Scale BB for males<br>and females |

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 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS June 30, 2018

### Healthcare cost trend rate

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

| Year      | Pre-65 Trend |
|-----------|--------------|
| 2016      | 7.00%        |
| 2017      | 7.50%        |
| 2018      | 6.00%        |
| 2019      | 5.50%        |
| 2020-2025 | 5.25%        |
| 2026      | 5.00%        |
| 2027-2029 | 5.25%        |
| 2030      | 5.75%        |
| 2031-2035 | 6.25%        |
| 2036-2040 | 6.00%        |
| 2041-2043 | 5.75%        |
| 2044-2052 | 5.50%        |
| 2053-2063 | 5.25%        |
| 2064+     | 5.00%        |

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 3.58 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 (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

|                             | 1 Percentage<br>Point<br>Lower | Current<br>Discount<br>Rate | 1 Percentage<br>Point<br>Higher |
|-----------------------------|--------------------------------|-----------------------------|---------------------------------|
| City's total OPEB liability | \$ 873,563                     | \$ 801,569                  | \$ 735,279                      |
|                             | 1 Percentage<br>Point<br>Lower | Current<br>Trend<br>Rate    | 1 Percentage<br>Point<br>Higher |
| City's total OPEB liability | \$ 709,975                     | \$ 801,569                  | \$ 909,737                      |

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

#### **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 after January 1, 2004. 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. Funding policy**

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 dollars 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.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

At June 30, 2018, the City's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### **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, 2017 measurement date there were 63 active members, 65 retired members who receive benefits, 33 vested terminated members, for a total membership of 161.

#### **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, firefighters 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, 2018

### 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, 2018 were \$1,304,250. The funding method used in this valuation is the entry age normal actuarial cost method. The actuarial value of assets is determined using a five-year smoothing method. Under this method, annual asset gains and losses will be recognized fully after five years. Significant actuarial assumptions used in the valuation include: a) a rate of return on the investment of present and future assets of 6.0% per year; b) projected salary increases of 4.5% per year; c) post-retirement benefit increases of 2.0% per year, and d) inflation rate of 2.0%. As of the July 1, 2017 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, 2018, the City reported a net pension liability of \$13,659,743. The net pension liability was measured as of June 30, 2017, 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                                           | \$ 33,053,684        |
| Plan fiduciary net position                                       | <u>19,393,941</u>    |
| Net pension liability                                             | <u>\$ 13,659,743</u> |
| Fiduciary net position as a percentage of total pension liability | 59%                  |

Changes in the net pension liability is as follows:

|                                        | <u>Total<br/>Pension<br/>Liability</u> | <u>Fiduciary<br/>Net<br/>Position</u> | <u>Net<br/>Pension<br/>Liability</u> |
|----------------------------------------|----------------------------------------|---------------------------------------|--------------------------------------|
| Beginning balances                     | \$ 32,356,633                          | \$ 17,868,023                         | \$ 14,488,610                        |
| Changes for the year:                  |                                        |                                       |                                      |
| Service cost                           | 629,785                                | --                                    | 629,785                              |
| Interest on total pension liability    | 1,923,387                              | --                                    | 1,923,387                            |
| Effect of economic/demographic losses  | (582,105)                              | --                                    | (582,105)                            |
| Effect of assumption changes or inputs | 276,798                                | --                                    | 276,798                              |
| Benefit payments                       | (1,550,814)                            | (1,550,814)                           | --                                   |
| Administrative expenses                | --                                     | (36,325)                              | 36,325                               |
| Member contributions                   | --                                     | 226,267                               | (226,267)                            |
| Net investment income                  | --                                     | 1,701,706                             | (1,701,706)                          |
| Employer contributions                 | <u>--</u>                              | <u>1,185,084</u>                      | <u>(1,185,084)</u>                   |
| Ending balances                        | <u>\$ 33,053,684</u>                   | <u>\$ 19,393,941</u>                  | <u>\$ 13,659,743</u>                 |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### 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, 2018, the City recognized pension expense of \$1,385,948. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                         | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference between expected and actual experience       | \$ 618,235                                    | \$ 447,046                                   |
| Changes of assumptions                                  | 2,641,269                                     | 1,347,700                                    |
| Net difference between projected and actual earnings    |                                               |                                              |
| On pension plan investments                             | 371,531                                       | --                                           |
| City's contributions subsequent to the measurement date | <u>1,304,250</u>                              | <u>--</u>                                    |
|                                                         | <u>\$ 4,935,285</u>                           | <u>\$ 1,794,746</u>                          |

\$1,304,250 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, 2019. 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,

|            |            |
|------------|------------|
| 2019       | \$ 280,877 |
| 2020       | 486,494    |
| 2021       | 318,747    |
| 2022       | 131,979    |
| 2023       | 263,969    |
| Thereafter | 354,223    |

### 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, 2018

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

|                            |                                                                                                                                             |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date             | June 30, 2017                                                                                                                               |
| 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             | 2.0 percent                                                                                                                                 |
| Investment rate of return  | 6.0 percent                                                                                                                                 |
| Projected Salary Increases | Salaries for individuals are assumed to grow at 2.0 percent plus assumed rates of merit/longevity increases based on service of 4.5 percent |
| Mortality                  | Healthy retirees and beneficiaries:<br>RPEC-2014 Sex-distinct, generational per Scale AA                                                    |

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

#### Discount rate

The discount rate used to measure the total pension liability was 5.86 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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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 2070-71 fiscal year.

### 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<br/>Arithmetic<br/>Return</u> | <u>Expected<br/>Geometric<br/>Return</u> | <u>Target<br/>Allocation %</u> |
|-------------------------------|-------------------------------------------|------------------------------------------|--------------------------------|
| US Equity - Large Cap         | 7.85%                                     | 6.50%                                    | 31.92%                         |
| US Equity - Mid Cap           | 8.10%                                     | 6.50%                                    | 3.65%                          |
| US Equity - Small Cap         | 8.55%                                     | 6.50%                                    | 1.82%                          |
| Non-US Equity                 | 8.10%                                     | 6.50%                                    | 12.15%                         |
| REITs                         | 7.95%                                     | 6.10%                                    | 0.40%                          |
| Real Estate (direct property) | 5.80%                                     | 5.50%                                    | 10.08%                         |
| TIPS                          | 3.05%                                     | 2.85%                                    | 0.60%                          |
| Core Bond                     | 3.75%                                     | 3.60%                                    | 29.38%                         |
| High Yield                    | 6.70%                                     | 6.30%                                    | 10.00%                         |
| Total                         |                                           |                                          | <u>100.00%</u>                 |

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

The following presents the City net pension liability calculated using the discount rate of 5.86 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.86 percent) or 1-percentage-point higher (6.86 percent) than the current rate:

|                                       | <u>1 Percentage<br/>Point<br/>Lower</u> | <u>Current<br/>Discount<br/>Rate</u> | <u>1 Percentage<br/>Point<br/>Higher</u> |
|---------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------|
| City's net pension asset or liability | \$ 17,995,324                           | \$ 13,659,743                        | \$ 10,094,142                            |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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

#### Plan Description

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

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

#### Plan Benefits

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

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

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

#### Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire 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 and Fire 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 and fire members). General service employees may retire after reaching age 55. Police and fire 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 and fire 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- 113

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire 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.

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

#### Pension Benefits.

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

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

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

#### Death Benefits

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

#### Disability Benefits

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

#### Benefit Changes After Retirement

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

### **Contributions**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Tier 1/tier 2 employer contribution rates are 20.32 percent and the OPSRP employer contribution rates are 10.02 percent for general service employees and 14.79 percent for police and fire. Employer contributions for the year ended June 30, 2018 were \$822,914, 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.

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

At June 30, 2018, the City reported a liability of \$10,635,572 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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

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

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

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

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

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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

At June 30, 2017, the City's proportion was .07889868 percent, which was less than its proportion measured as of June 30, 2016 of .08326415 percent.

For the year ended June 30, 2018, the City recognized pension expense (revenue) of \$2,102,601. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                           | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                        | \$ 514,341                           | \$ --                               |
| Changes of assumptions                                                                                    | 1,938,675                            | --                                  |
| Net difference between projected and actual earnings<br>on pension plan investments                       | 109,571                              | --                                  |
| Changes in proportionate share                                                                            | 56,862                               | 564,548                             |
| Difference between the City's contributions and employer's<br>proportionate share of system contributions | 26,916                               | 242,687                             |
| Contributions subsequent to measurement date                                                              | <u>822,914</u>                       | <u>--</u>                           |
|                                                                                                           | <u>\$ 3,469,279</u>                  | <u>\$ 807,235</u>                   |

\$822,914 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, 2019. 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, |                     |
| 2019               | \$ 314,696          |
| 2020               | 1,176,854           |
| 2021               | 740,914             |
| 2022               | (377,651)           |
| 2023               | <u>(15,683)</u>     |
|                    | <u>\$ 1,839,130</u> |

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

#### Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, 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.

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

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                   | December 31, 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Measurement Date                 | June 30, 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Experience Study Report          | 2014, published September 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 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        | 7.50 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:<br/>RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:<br/>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:<br/>Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.</p> |

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

## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

#### Depletion Date Projection

GASB 67 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 67 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (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 67 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 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.



## City of Newberg, Oregon

### NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

#### Assumed Asset Allocation:

| <u>Asset Class / Strategy</u> | <u>Low<br/>Range</u> | <u>High<br/>Range</u> | <u>OIC<br/>Target</u> |
|-------------------------------|----------------------|-----------------------|-----------------------|
| Cash                          | 0.0%                 | 3.0%                  | 0.0%                  |
| Debt Securities               | 15.0%                | 25.0%                 | 20.0%                 |
| Public Equity                 | 32.5%                | 42.5%                 | 37.5%                 |
| Private Equity                | 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>         |

#### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below 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 shown below. 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.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

| <u>Asset Class</u>                | <u>Target</u> | <u>Compound<br/>Annual<br/>Return<br/>(Geometric)</u> |
|-----------------------------------|---------------|-------------------------------------------------------|
| Core Fixed Income                 | 8.00%         | 4.00%                                                 |
| Short-term Bonds                  | 8.00%         | 3.61%                                                 |
| Bank/Leveraged Loans              | 3.00%         | 5.42%                                                 |
| High Yield Bonds                  | 1.00%         | 6.20%                                                 |
| Large/Mid Cap US Equities         | 15.75%        | 6.70%                                                 |
| Small Cap US Equities             | 1.31%         | 6.99%                                                 |
| Micro Cap US Equities             | 1.31%         | 7.01%                                                 |
| Developed Foreign Equities        | 13.13%        | 6.73%                                                 |
| Emerging Foreign Equities         | 4.12%         | 7.25%                                                 |
| Non-US Small Cap Equities         | 1.88%         | 7.22%                                                 |
| Private Equity                    | 17.50%        | 7.97%                                                 |
| Real Estate (Property)            | 10.00%        | 5.84%                                                 |
| Real Estate (REITS)               | 2.50%         | 6.69%                                                 |
| Hedge Fund of Funds - Diversified | 2.50%         | 4.64%                                                 |
| Hedge Fund - Event-driven         | 0.63%         | 6.72%                                                 |
| Timber                            | 1.88%         | 5.85%                                                 |
| Farmland                          | 1.88%         | 6.37%                                                 |
| Infrastructure                    | 3.75%         | 7.13%                                                 |
| Commodities                       | 1.88%         | 4.58%                                                 |
| Assumed Inflation - Mean          |               | 2.50%                                                 |

### 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|                                                                     | <u>1 Percentage<br/>Point<br/>Lower</u> | <u>Current<br/>Discount<br/>Rate</u> | <u>1 Percentage<br/>Point<br/>Higher</u> |
|---------------------------------------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------|
| The City's proportionate share of<br>net pension asset or liability | \$ 18,124,956                           | \$ 10,635,572                        | \$ 4,373,060                             |

### Changes in Actuarial Methods and Assumptions

There were no changes to the actuarial methods, economic assumptions, or demographic assumptions since the December 31, 2016 valuation. 120

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### **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 the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$283,954.

#### Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

### **Contingency – Sick leave**

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2018, employees of the City had accumulated 5,522 days of sick leave.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### 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<br>Inspection | Street<br>Capital<br>Projects | Nonmajor<br>Funds   | Total                |
|-----------------------|---------------------|---------------------|------------------------|-------------------------------|---------------------|----------------------|
| Fund balances         |                     |                     |                        |                               |                     |                      |
| Nonspendable:         |                     |                     |                        |                               |                     |                      |
| Inventory             | \$ -                | \$ 90,779           | \$ -                   | \$ -                          | \$ -                | \$ 90,779            |
| Restricted:           |                     |                     |                        |                               |                     |                      |
| Capital projects      | -                   | -                   | -                      | -                             | 6,182,242           | 6,182,242            |
| Debt service          | -                   | -                   | -                      | -                             | 47,809              | 47,809               |
| 911 center operations | -                   | -                   | -                      | -                             | 21,628              | 21,628               |
| Police services       | -                   | -                   | -                      | -                             | 134,672             | 134,672              |
| Tourism               | -                   | -                   | -                      | -                             | 586,886             | 586,886              |
| Street maintenance    | -                   | 1,131,846           | -                      | -                             | -                   | 1,131,846            |
| Building inspection   | -                   | -                   | 1,451,787              | -                             | -                   | 1,451,787            |
| Library services      | -                   | -                   | -                      | -                             | 81,135              | 81,135               |
| Committed:            |                     |                     |                        |                               |                     |                      |
| Capital projects      | -                   | -                   | -                      | 176,804                       | -                   | 176,804              |
| Economic development  | -                   | -                   | -                      | -                             | 666,000             | 666,000              |
| Public communications | -                   | -                   | -                      | -                             | 16,507              | 16,507               |
| Assigned:             |                     |                     |                        |                               |                     |                      |
| Debt service          | -                   | -                   | -                      | -                             | 166,916             | 166,916              |
| Unassigned            | 4,165,562           | -                   | -                      | -                             | -                   | 4,165,562            |
| Total fund balances   | <u>\$ 4,165,562</u> | <u>\$ 1,222,625</u> | <u>\$ 1,451,787</u>    | <u>\$ 176,804</u>             | <u>\$ 7,903,795</u> | <u>\$ 14,920,573</u> |

### Net Position Restricted Through Enabling Legislation

#### Governmental Activities

|                                                                                                                                                                                        |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use to capital improvements which expand the capacity of the system for which the charge was made | \$ 3,957,362 |
| Public Safety – Ordinances imposing Public Safety related fees restrict the use of resources to specific public safety services and equipment replacement                              | 156,300      |
| Transient Lodging Tax – Ordinances imposing transient lodging tax restrict the use of these resources to tourism related expenditures                                                  | 586,886      |

#### 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 | 6,417,821 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### Special Item – Changes in Pension and OPEB Related Items

As part of the transfer of EMS employees to TVF&R in the prior fiscal year, the City saw decreases in long-term assets and liabilities relating to pensions and other post-employment benefits within the EMS Fund resulting from these employees being removed from the actuarial calculations. The current year decreases in reported EMS pension related items and OPEB related items totaled \$752,912 and \$35,738, respectively, and a special item representing this adjustment is reflected on the proprietary funds Statement of Revenues, Expenses, and Changes in Net Position.

### Contingency Loss

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

### 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.

### Significant Commitments

At June 30, 2018, the City had the following significant outstanding commitments:

| Contractor              | Related Project                        | Original Contract<br>Amount | Remaining<br>Commitment |
|-------------------------|----------------------------------------|-----------------------------|-------------------------|
| K&E Excavating Inc.     | Villa Road Improvement Project Phase 2 | \$ 2,819,651                | \$ 1,435,935            |
| Motorola Solutions Inc. | Public Safety Communication Upgrade    | \$ 2,019,577                | \$ 1,284,133            |

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

### **Tax Abatements**

As of June 30, 2018, 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 2017 utilized this specific abatement, with a total tax abatement of \$10,377.

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 2017, the City abated no property taxes under this program.

### **Subsequent Events**

Beginning on July 1, 2016, the City entered into a two-year contract with Tualatin Valley Fire and Rescue (TVF&R) to transfer fire protection and emergency medical services for the City of Newberg and the Newberg Rural Protection District. Under the contract, TVF&R assumed the fire protection and emergency medical services as well as the direct administrative and executive functions of the two fire stations owned by the City. The terms of the contract require the City to pay a total of \$4,832,983 for the period July 1, 2016 through June 30, 2017 and \$3,366,703 for the period July 1, 2017 through June 30, 2018. In November of 2017, the citizens of Newberg voted to permanently annex into TVF&R for fire and EMS services beginning July 1, 2018. The citizens also voted yes on instituting an amendment to the city charter which reduces the levy to \$2.50 of the City's permanent ad valorem property tax rate against any property within the District, commencing with the City's 2018-19 fiscal year and continuing in effect as long as the City remains within the boundaries of the District. Commencing with fiscal year 2019-20, and each year thereafter, the city may increase the tax rate limit by 3% of the prior year's limit. The City also may levy in excess of the limit if authorized by a measure approved by the voters. As a result, there will be a significant decrease in expenses as well as in property tax revenues in future fiscal years as the City will not provide these services or collect the full legal tax levy. Additionally, the terms of the transfer of services include a transfer of all fire assets, excluding Fire Station 20 building and land.

### **Prior Period Adjustments**

The beginning net position of Water, Wastewater, and Stormwater Funds have been adjusted to record a correction to stormwater beginning CIP that was improperly capitalized in prior periods as CIP in Water and Wastewater Funds. This incorrect classification led to an overstatement of prior year net position in the Water and Wastewater Funds and an understatement in stormwater net position. Beginning net position in the Stormwater Fund increased by \$951,646 and Water and Wastewater Funds was decreased by \$357,140 and \$594,506, respectively.

# City of Newberg, Oregon

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was adopted by the City in the current year, resulting in the need for restatements of prior period net position. This statement established new accounting for financial reporting requirements for OPEB plans, including an adjustment to the reported definition and balance of OPEB liability as well as the addition of OPEB related deferred inflows and outflows of resources. The beginning balance of net position was restated through a prior period adjustment to reflect the adjusted prior year balance of total OPEB liability as well as deferred outflows of resources. The net effect of this restatement resulted increases to beginning net position in the governmental activities, Admin Service, Water, Wastewater, Stormwater and EMS Funds of \$492,097; \$107,475; \$87,345; \$86,058; \$24,320; and \$35,761, respectively.

The beginning net position of the General Fund, Admin Service Fund, Water, Wastewater, and Stormwater Funds have been adjusted to reflect two adjustments to prior year allocations of net pension liabilities, deferred inflows and deferred outflows of resources. One adjustment relates to the Admin Services Fund, an internal service fund, not properly reflecting net pension liabilities or related deferred inflows and outflows on the fund financial statements in prior years. This adjustment results in a prior period adjustment decreasing beginning net position reported on the fund financial statements for the admin service fund, but a government-wide net effect of zero due to the internal service fund net position related to these expenses previously being allocated in full to governmental net position on the government-wide financial statements. Additionally, the total NERPS contributions subsequent to the measurement date reported in prior year as deferred outflows of resources, which was allocated amongst the relevant funds, was determined by management to have been overstated by \$226,267 due to the incorrect inclusion of employee contributions. The net effect of this restatement resulted in an increase to beginning net position in the governmental activities of \$2,707,479 and decreases to beginning net position in the Admin Services, Water, Wastewater, and Stormwater Funds of \$2,814,281; \$43,862; \$56,786; and \$18,817, respectively.

The city has restated amounts relating to the above prior period adjustments within the government-wide financial statements as of June 30, 2017. The net effects on are as follows:

|                                              | As Originally<br>Reported | As Restated | Effect of Change |
|----------------------------------------------|---------------------------|-------------|------------------|
| <b>Statement of Net Position</b>             |                           |             |                  |
| Deferred outflow of resources                |                           |             |                  |
| Other postemployment benefits related items  | \$ -                      | \$ 34,234   | \$ 34,234        |
| Pension related items                        | 12,336,328                | 12,110,061  | (226,267)        |
| Noncurrent liabilities                       |                           |             |                  |
| Net other postemployment benefits obligation | 1,597,122                 | -           | (1,597,122)      |
| Other postemployment benefits liability      | -                         | 798,301     | 798,301          |
| Net position                                 |                           |             |                  |
| Unrestricted net position: government-wide   | 6,855,628                 | 7,462,417   | 606,789          |
| <b>Statement of Activities</b>               |                           |             |                  |
| Restatement of beginning net position        | \$ -                      | \$ 606,789  | \$ 606,789       |

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

\*\*Employer and member contribution allocations from June 2016 and 2017 were restated.

**CITY OF NEWBERG**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**CITY OF NEWBERG RETIREMENT PLAN**  
**Last 10 Plan Years\***

|                                              | June 30,     |              |            |            |
|----------------------------------------------|--------------|--------------|------------|------------|
|                                              | 2018         | 2017         | 2016       | 2015       |
| Actuarially determined contribution          | \$ 1,379,424 | \$ 1,257,372 | \$ 958,388 | \$ 767,576 |
| Actual employer contribution**               | 1,304,250    | 1,185,084    | 906,400    | 834,895    |
| Contribution deficiency (excess)             | 75,174       | 72,288       | 51,988     | (67,319)   |
| Covered payroll***                           | 3,758,417    | 3,644,950    | 3,572,891  | 3,182,471  |
| Contribution as a percent of covered payroll | 34.70%       | 32.51%       | 25.37%     | 26.23%     |
| Valuation date                               | 7/1/2017     | 7/1/2016     | 7/1/2015   | 7/1/2014   |
| Assumed investment rate of return            | 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% | 6.50% | 6.50% | 7.00% |
| Discount rate                           | 5.86% | 5.98% | 5.61% | 6.23% |
| Cost of living increases                | 2.00% | 2.00% | 2.00% | 2.00% |
| Salary increases                        | 4.50% | 4.50% | 4.50% | 4.50% |

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

\*\*Actual employer contribution allocations from June 2016 and 2017 were restated.

\*\*\* Covered payroll amounts reported from June 2015, 2016, and 2017 were restated.

**CITY OF NEWBERG  
INVESTMENT RETURNS  
CITY OF NEWBERG RETIREMENT PLAN  
Last 10 Plan Fiscal Years\***

| Year Ended<br>June 30, | Rate** |
|------------------------|--------|
| 2018                   | 7.58%  |
| 2017                   | 9.61%  |
| 2016                   | -0.04% |
| 2015                   | 2.50%  |

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

\*\*Rates were restated from prior year.

**CITY OF NEWBERG**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Years Ended June 30, \***

|                                                                                                            | 2018          | 2017          | 2016         | 2015           |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|----------------|
| Proportion of the collective net pension liability (asset)                                                 | 0.07889868%   | 0.08326415%   | 0.08977217%  | 0.08370032%    |
| Proportionate share of the collective net pension liability (asset)                                        | \$ 10,635,572 | \$ 12,499,882 | \$ 5,154,234 | \$ (1,897,247) |
| Covered payroll**                                                                                          | \$ 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 | 217.674%      | 186.349%      | 79.306%      | -29.846%       |
| Pension plan's fiduciary net position as a percentage of the total pension liability                       | 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, \***

|                                                                         | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|-------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Contractually required contributions                                    | \$ 822,914  | \$ 605,250  | \$ 841,895  | \$ 835,001  |
| Contractually required contributions recognized by the pension plan     | 822,914     | 605,250     | 841,895     | 835,001     |
| Difference                                                              | -           | -           | -           | -           |
| Covered payroll                                                         | 5,047,287   | 4,886,012   | 6,707,765   | 6,499,152   |
| Contractually required contributions as a percentage of covered payroll | 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**  
**Last 10 Plan Fiscal Years\***

|                                                                                        | June 30,<br>2018 |
|----------------------------------------------------------------------------------------|------------------|
| <b>Total OPEB liability</b>                                                            |                  |
| Service cost                                                                           | \$ 64,551        |
| Interest on total OPEB liability                                                       | 24,107           |
| Effect of assumptions or inputs                                                        | (51,156)         |
| Benefit payments                                                                       | (34,234)         |
| <b>Net change in OPEB liability</b>                                                    | 3,268            |
| <b>Total OPEB liability - beginning</b>                                                | 798,301          |
| <b>Total OPEB liability - ending</b>                                                   | \$ 801,569       |
| <br><b>Covered employee payroll</b>                                                    | <br>8,530,962    |
| <br><b>City's total OPEB liability as a percentage<br/>of covered employee payroll</b> | <br>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.



**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

# 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, 2018

|                                                   | Budget      |             |             |             |
|---------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                   | Original    | Final       | Actual      | Variance    |
| <u>Revenues</u>                                   |             |             |             |             |
| Interest                                          | \$ 2,000    | \$ 2,000    | \$ 7,969    | \$ 5,969    |
| Total revenues                                    | 2,000       | 2,000       | 7,969       | 5,969       |
| <u>Expenditures</u>                               |             |             |             |             |
| Capital outlay                                    | 4,935,000   | 5,892,337   | 2,708,413   | 3,183,924   |
| Total expenditures                                | 4,935,000   | 5,892,337   | 2,708,413   | 3,183,924   |
| Excess (deficiency) of revenues over expenditures | (4,933,000) | (5,890,337) | (2,700,444) | 3,189,893   |
| <u>Other financing sources (uses)</u>             |             |             |             |             |
| Transfers in                                      | 4,935,000   | 5,892,337   | 2,708,413   | (3,183,924) |
| Total other financing sources (uses)              | 4,935,000   | 5,892,337   | 2,708,413   | (3,183,924) |
| Net change in fund balance                        | 2,000       | 2,000       | 7,969       | 5,969       |
| Fund balance, July 01, 2017                       | 168,396     | 168,396     | 168,835     | 439         |
| Fund balance, June 30, 2018                       | \$ 170,396  | \$ 170,396  | \$ 176,804  | \$ 6,408    |

# City of Newberg, Oregon

## COMBINING BALANCE SHEET GENERAL FUNDS

June 30, 2018

|                                                                                | General Fund        | PERS Rate<br>Stabilization<br>Reserve Fund | Totals              |
|--------------------------------------------------------------------------------|---------------------|--------------------------------------------|---------------------|
| <b><u>ASSETS</u></b>                                                           |                     |                                            |                     |
| Cash and cash equivalents                                                      | \$ 4,608,795        | \$ -                                       | \$ 4,608,795        |
| Receivables:                                                                   |                     |                                            |                     |
| Accounts                                                                       | 228,751             | -                                          | 228,751             |
| Taxes                                                                          | 663,748             | -                                          | 663,748             |
| Due from other funds                                                           | 27,181              | -                                          | 27,181              |
| <b>Total assets</b>                                                            | <b>\$ 5,528,475</b> | <b>\$ -</b>                                | <b>\$ 5,528,475</b> |
| <b><u>LIABILITIES</u></b>                                                      |                     |                                            |                     |
| Accounts payable                                                               | \$ 405,003          | \$ -                                       | \$ 405,003          |
| Other accrued liabilities                                                      | 194,794             | -                                          | 194,794             |
| Deposits                                                                       | 36,098              | -                                          | 36,098              |
| Interfund loan                                                                 | 63,270              | -                                          | 63,270              |
| <b>Total liabilities</b>                                                       | <b>699,165</b>      | <b>-</b>                                   | <b>699,165</b>      |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                    |                     |                                            |                     |
| Unavailable revenue-property taxes                                             | 663,748             | -                                          | 663,748             |
| <b>Total deferred inflows of resources</b>                                     | <b>663,748</b>      | <b>-</b>                                   | <b>663,748</b>      |
| <b><u>FUND BALANCES</u></b>                                                    |                     |                                            |                     |
| Unassigned                                                                     | 4,165,562           | -                                          | 4,165,562           |
| <b>Total fund balances</b>                                                     | <b>4,165,562</b>    | <b>-</b>                                   | <b>4,165,562</b>    |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$ 5,528,475</b> | <b>\$ -</b>                                | <b>\$ 5,528,475</b> |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                          | General Fund        | PERS Rate<br>Stabilization<br>Reserve Fund | Totals              |
|----------------------------------------------------------|---------------------|--------------------------------------------|---------------------|
| <u>Revenues</u>                                          |                     |                                            |                     |
| Property taxes                                           | \$ 7,864,019        | \$ -                                       | \$ 7,864,019        |
| Other taxes                                              | 2,990,659           | -                                          | 2,990,659           |
| Licenses and permits                                     | 938,729             | -                                          | 938,729             |
| Intergovernmental                                        | 1,280,473           | -                                          | 1,280,473           |
| Charges for services                                     | 121,921             | -                                          | 121,921             |
| Fines and forfeitures                                    | 593,431             | -                                          | 593,431             |
| Interest                                                 | 62,144              | 1,251                                      | 63,395              |
| Miscellaneous                                            | 3,046               | -                                          | 3,046               |
| <b>Total revenues</b>                                    | <b>13,854,422</b>   | <b>1,251</b>                               | <b>13,855,673</b>   |
| <u>Expenditures</u>                                      |                     |                                            |                     |
| General government                                       | 195,657             | -                                          | 195,657             |
| Public safety                                            | 11,744,964          | -                                          | 11,744,964          |
| Library                                                  | 1,726,286           | -                                          | 1,726,286           |
| Community development                                    | 769,426             | -                                          | 769,426             |
| <b>Total expenditures</b>                                | <b>14,436,333</b>   | <b>-</b>                                   | <b>14,436,333</b>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(581,911)</b>    | <b>1,251</b>                               | <b>(580,660)</b>    |
| <u>Other financing sources (uses)</u>                    |                     |                                            |                     |
| Loan proceeds                                            | 45,671              | -                                          | 45,671              |
| Sale of capital assets                                   | 327                 | -                                          | 327                 |
| Transfers in                                             | 1,252,591           | -                                          | 1,252,591           |
| Transfers out                                            | (31,893)            | (181,091)                                  | (212,984)           |
| <b>Total other financing sources (uses)</b>              | <b>1,266,696</b>    | <b>(181,091)</b>                           | <b>1,085,605</b>    |
| <b>Net change in fund balances</b>                       | <b>684,785</b>      | <b>(179,840)</b>                           | <b>504,945</b>      |
| <b>Fund balances, July 1, 2017</b>                       | <b>3,480,777</b>    | <b>179,840</b>                             | <b>3,660,617</b>    |
| <b>Fund balances, June 30, 2018</b>                      | <b>\$ 4,165,562</b> | <b>\$ -</b>                                | <b>\$ 4,165,562</b> |

# City of Newberg, Oregon

## PERS RATE STABILIZATION RESERVE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2018

|                                | Budgeted Amounts |           | Actual    | Variance |
|--------------------------------|------------------|-----------|-----------|----------|
|                                | Original         | Final     |           |          |
| <u>Revenues</u>                |                  |           |           |          |
| Interest                       | \$ -             | \$ 1,600  | \$ 1,251  | \$ (349) |
| Total revenues                 | -                | 1,600     | 1,251     | (349)    |
| <u>Other financing sources</u> |                  |           |           |          |
| Transfers out                  | (179,255)        | (181,440) | (181,091) | 349      |
| Total other financing sources  | (179,255)        | (181,440) | (181,091) | 349      |
| Net change in fund balance     | (179,255)        | (179,840) | (179,840) | -        |
| Fund balance, July 1, 2017     | 179,255          | 179,840   | 179,840   | -        |
| Fund balance, June 30, 2018    | \$ -             | \$ -      | \$ -      | \$ -     |

Note: The PERS Rate Stabilization Reserve Fund is combined with the General Fund on the Fund Financial Statements

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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, 2018

|                                                                                | Special<br>Revenue  | Debt<br>Service   | Capital<br>Projects | Totals              |
|--------------------------------------------------------------------------------|---------------------|-------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                                  |                     |                   |                     |                     |
| Cash and cash equivalents                                                      | \$ 1,168,589        | \$ 660,725        | \$ 6,196,425        | \$ 8,025,739        |
| Receivables:                                                                   |                     |                   |                     |                     |
| Accounts                                                                       | 469,124             | -                 | -                   | 469,124             |
| Loans                                                                          | 31,744              | -                 | -                   | 31,744              |
| Assessments                                                                    | -                   | -                 | 72,176              | 72,176              |
| Taxes                                                                          | -                   | 18,186            | -                   | 18,186              |
| <b>Total assets</b>                                                            | <b>\$ 1,669,457</b> | <b>\$ 678,911</b> | <b>\$ 6,268,601</b> | <b>\$ 8,616,969</b> |
| <b>LIABILITIES</b>                                                             |                     |                   |                     |                     |
| Accounts payable                                                               | \$ 87,172           | \$ -              | \$ 14,183           | \$ 101,355          |
| Payroll payables                                                               | 16,887              | -                 | -                   | 16,887              |
| Due to other funds                                                             | 26,826              | -                 | -                   | 26,826              |
| Contingent liabilities (see footnote 4)                                        | -                   | 446,000           | -                   | 446,000             |
| <b>Total liabilities</b>                                                       | <b>130,885</b>      | <b>446,000</b>    | <b>14,183</b>       | <b>591,068</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                           |                     |                   |                     |                     |
| Unavailable revenue-property taxes                                             | -                   | 18,186            | -                   | 18,186              |
| Unavailable revenue-loans                                                      | 31,744              | -                 | -                   | 31,744              |
| Unavailable revenue-special assessments                                        | -                   | -                 | 72,176              | 72,176              |
| <b>Total deferred inflows of resources</b>                                     | <b>31,744</b>       | <b>18,186</b>     | <b>72,176</b>       | <b>122,106</b>      |
| <b>FUND BALANCES</b>                                                           |                     |                   |                     |                     |
| Restricted                                                                     | 824,321             | 47,809            | 6,182,242           | 7,054,372           |
| Committed                                                                      | 682,507             | -                 | -                   | 682,507             |
| Assigned                                                                       | -                   | 166,916           | -                   | 166,916             |
| <b>Total fund balances</b>                                                     | <b>1,506,828</b>    | <b>214,725</b>    | <b>6,182,242</b>    | <b>7,903,795</b>    |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$ 1,669,457</b> | <b>\$ 678,911</b> | <b>\$ 6,268,601</b> | <b>\$ 8,616,969</b> |



# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                          | Special<br>Revenue  | Debt<br>Service   | Capital<br>Projects | Totals              |
|----------------------------------------------------------|---------------------|-------------------|---------------------|---------------------|
| <u>Revenues</u>                                          |                     |                   |                     |                     |
| Property taxes                                           | \$ -                | \$ 7,703          | \$ -                | \$ 7,703            |
| Other taxes                                              | 1,118,742           | -                 | -                   | 1,118,742           |
| Licenses and permits                                     | 50,403              | 159,282           | -                   | 209,685             |
| Intergovernmental                                        | 443,378             | 142,916           | -                   | 586,294             |
| Charges for services                                     | 527,788             | -                 | 2,171,610           | 2,699,398           |
| Facilities charge                                        | -                   | 119,492           | -                   | 119,492             |
| Pension bond charge                                      | -                   | 248,417           | -                   | 248,417             |
| Loan collections - principal                             | 13,534              | -                 | -                   | 13,534              |
| Loan collections - interest                              | 1,573               | -                 | -                   | 1,573               |
| Assessments                                              | -                   | -                 | 5,105               | 5,105               |
| Donations                                                | 36,033              | -                 | -                   | 36,033              |
| Interest                                                 | 23,711              | 11,211            | 62,913              | 97,835              |
| <b>Total revenues</b>                                    | <b>2,215,162</b>    | <b>689,021</b>    | <b>2,239,628</b>    | <b>5,143,811</b>    |
| <u>Expenditures</u>                                      |                     |                   |                     |                     |
| General government                                       | 157,377             | -                 | -                   | 157,377             |
| Public safety                                            | 816,014             | -                 | -                   | 816,014             |
| Library                                                  | 65,497              | -                 | -                   | 65,497              |
| Community development                                    | 220,331             | -                 | -                   | 220,331             |
| Debt service:                                            |                     |                   |                     |                     |
| Principal                                                | -                   | 453,590           | -                   | 453,590             |
| Interest                                                 | -                   | 190,743           | -                   | 190,743             |
| Capital outlay                                           | 21,878              | -                 | 854,574             | 876,452             |
| <b>Total expenditures</b>                                | <b>1,281,097</b>    | <b>644,333</b>    | <b>854,574</b>      | <b>2,780,004</b>    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>934,065</b>      | <b>44,688</b>     | <b>1,385,054</b>    | <b>2,363,807</b>    |
| <u>Other financing sources (uses)</u>                    |                     |                   |                     |                     |
| Contingency loss (see footnote 4)                        | -                   | (446,000)         | -                   | (446,000)           |
| Loan proceeds                                            | -                   | -                 | 3,151,630           | 3,151,630           |
| Transfers in                                             | -                   | 133,508           | -                   | 133,508             |
| Transfers out                                            | (731,308)           | (108,486)         | (1,291,176)         | (2,130,970)         |
| <b>Total other financing sources (uses)</b>              | <b>(731,308)</b>    | <b>(420,978)</b>  | <b>1,860,454</b>    | <b>708,168</b>      |
| <b>Net change in fund balances</b>                       | <b>202,757</b>      | <b>(376,290)</b>  | <b>3,245,508</b>    | <b>3,071,975</b>    |
| Fund balances, July 1, 2017                              | 1,304,071           | 591,015           | 2,936,734           | 4,831,820           |
| <b>Fund balances, June 30, 2018</b>                      | <b>\$ 1,506,828</b> | <b>\$ 214,725</b> | <b>\$ 6,182,242</b> | <b>\$ 7,903,795</b> |

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## **SPECIAL REVENUE FUNDS**

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

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

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

**City of Newberg, Oregon**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2018

|                                                                       | Economic<br>Development | 911<br>Emergency | Civil<br>Forfeiture | Cable<br>TV | Library Gift<br>and<br>Memorial | Public<br>Safety Fee | Transient<br>Lodging Tax | Totals       |
|-----------------------------------------------------------------------|-------------------------|------------------|---------------------|-------------|---------------------------------|----------------------|--------------------------|--------------|
| <u>ASSETS</u>                                                         |                         |                  |                     |             |                                 |                      |                          |              |
| Cash and cash equivalents                                             | \$ 665,543              | \$ -             | \$ 15,313           | \$ 16,507   | \$ 83,420                       | \$ 78,165            | \$ 309,641               | \$ 1,168,589 |
| Receivables:                                                          |                         |                  |                     |             |                                 |                      |                          |              |
| Accounts                                                              | 81,466                  | 57,102           | -                   | -           | -                               | 53,311               | 277,245                  | 469,124      |
| Loans                                                                 | 31,744                  | -                | -                   | -           | -                               | -                    | -                        | 31,744       |
| Total assets                                                          | \$ 778,753              | \$ 57,102        | \$ 15,313           | \$ 16,507   | \$ 83,420                       | \$ 131,476           | \$ 586,886               | \$ 1,669,457 |
| <u>LIABILITIES</u>                                                    |                         |                  |                     |             |                                 |                      |                          |              |
| Accounts payable                                                      | \$ 80,871               | \$ 4,090         | \$ -                | \$ -        | \$ 2,211                        | \$ -                 | \$ -                     | \$ 87,172    |
| Payroll payables                                                      | 138                     | 4,558            | -                   | -           | 74                              | 12,117               | -                        | 16,887       |
| Due to other funds                                                    | -                       | 26,826           | -                   | -           | -                               | -                    | -                        | 26,826       |
| Total liabilities                                                     | 81,009                  | 35,474           | -                   | -           | 2,285                           | 12,117               | -                        | 130,885      |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                                  |                         |                  |                     |             |                                 |                      |                          |              |
| Unavailable revenue-loans                                             | 31,744                  | -                | -                   | -           | -                               | -                    | -                        | 31,744       |
| Total deferred inflows of resources                                   | 31,744                  | -                | -                   | -           | -                               | -                    | -                        | 31,744       |
| <u>FUND BALANCES</u>                                                  |                         |                  |                     |             |                                 |                      |                          |              |
| Restricted                                                            | -                       | 21,628           | 15,313              | -           | 81,135                          | 119,359              | 586,886                  | 824,321      |
| Committed                                                             | 666,000                 | -                | -                   | 16,507      | -                               | -                    | -                        | 682,507      |
| Total fund balances                                                   | 666,000                 | 21,628           | 15,313              | 16,507      | 81,135                          | 119,359              | 586,886                  | 1,506,828    |
| Total liabilities, deferred inflows of resources<br>and fund balances | \$ 778,753              | \$ 57,102        | \$ 15,313           | \$ 16,507   | \$ 83,420                       | \$ 131,476           | \$ 586,886               | \$ 1,669,457 |

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2018

|                                                      | Economic<br>Development | 911 Emergency    | Civil<br>Forfeiture | Cable<br>TV      | Library Gift<br>and<br>Memorial | Public<br>Safety Fee | Transient<br>Lodging Tax | Totals              |
|------------------------------------------------------|-------------------------|------------------|---------------------|------------------|---------------------------------|----------------------|--------------------------|---------------------|
| <u>Revenues</u>                                      |                         |                  |                     |                  |                                 |                      |                          |                     |
| Other taxes                                          | \$ -                    | \$ -             | \$ -                | \$ -             | \$ -                            | \$ -                 | \$ 1,118,742             | \$ 1,118,742        |
| Licenses and permits                                 | 50,403                  | -                | -                   | -                | -                               | -                    | -                        | 50,403              |
| Intergovernmental                                    | 196,970                 | 225,638          | -                   | -                | 20,770                          | -                    | -                        | 443,378             |
| Charges for services                                 | -                       | -                | -                   | -                | -                               | 527,788              | -                        | 527,788             |
| Loan collections - principal                         | 13,534                  | -                | -                   | -                | -                               | -                    | -                        | 13,534              |
| Loan collections - interest                          | 1,573                   | -                | -                   | -                | -                               | -                    | -                        | 1,573               |
| Donations                                            | -                       | -                | -                   | -                | 36,033                          | -                    | -                        | 36,033              |
| Interest                                             | 10,975                  | 99               | 393                 | 488              | 1,331                           | 2,187                | 8,238                    | 23,711              |
| <b>Total revenues</b>                                | <b>273,455</b>          | <b>225,737</b>   | <b>393</b>          | <b>488</b>       | <b>58,134</b>                   | <b>529,975</b>       | <b>1,126,980</b>         | <b>2,215,162</b>    |
| <u>Expenditures</u>                                  |                         |                  |                     |                  |                                 |                      |                          |                     |
| General government                                   | -                       | -                | -                   | -                | -                               | -                    | 157,377                  | 157,377             |
| Public safety                                        | -                       | 223,190          | 10,348              | -                | -                               | 582,476              | -                        | 816,014             |
| Library                                              | -                       | -                | -                   | -                | 65,497                          | -                    | -                        | 65,497              |
| Community development                                | 220,331                 | -                | -                   | -                | -                               | -                    | -                        | 220,331             |
| Capital outlay                                       | -                       | -                | -                   | 21,878           | -                               | -                    | -                        | 21,878              |
| <b>Total expenditures</b>                            | <b>220,331</b>          | <b>223,190</b>   | <b>10,348</b>       | <b>21,878</b>    | <b>65,497</b>                   | <b>582,476</b>       | <b>157,377</b>           | <b>1,281,097</b>    |
| Excess (deficiency) of revenues<br>over expenditures | 53,124                  | 2,547            | (9,955)             | (21,390)         | (7,363)                         | (52,501)             | 969,603                  | 934,065             |
| <u>Other financing sources (uses)</u>                |                         |                  |                     |                  |                                 |                      |                          |                     |
| Transfers out                                        | (4,872)                 | -                | -                   | -                | -                               | -                    | (726,436)                | (731,308)           |
| <b>Total other financing sources (uses)</b>          | <b>(4,872)</b>          | <b>-</b>         | <b>-</b>            | <b>-</b>         | <b>-</b>                        | <b>-</b>             | <b>(726,436)</b>         | <b>(731,308)</b>    |
| Net change in fund balances                          | 48,252                  | 2,547            | (9,955)             | (21,390)         | (7,363)                         | (52,501)             | 243,167                  | 202,757             |
| Fund balances, July 1, 2017                          | 617,748                 | 19,081           | 25,268              | 37,897           | 88,498                          | 171,860              | 343,719                  | 1,304,071           |
| <b>Fund balances, June 30, 2018</b>                  | <b>\$ 666,000</b>       | <b>\$ 21,628</b> | <b>\$ 15,313</b>    | <b>\$ 16,507</b> | <b>\$ 81,135</b>                | <b>\$ 119,359</b>    | <b>\$ 586,886</b>        | <b>\$ 1,506,828</b> |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |           |            |            |
|---------------------------------------------------|------------------|-----------|------------|------------|
|                                                   | Original         | Final     | Actual     | Variance   |
| <u>Revenues</u>                                   |                  |           |            |            |
| Licenses and permits                              | \$ 43,000        | \$ 43,000 | \$ 50,403  | \$ 7,403   |
| Intergovernmental                                 | 390,000          | 390,000   | 196,970    | (193,030)  |
| Loan collections - principal                      | 12,828           | 12,828    | 13,534     | 706        |
| Loan collections - interest                       | 6,933            | 6,933     | 1,573      | (5,360)    |
| Interest                                          | 5,000            | 5,000     | 10,975     | 5,975      |
| Miscellaneous                                     | 10               | 10        | -          | (10)       |
| Total revenues                                    | 457,771          | 457,771   | 273,455    | (184,316)  |
| <u>Expenditures</u>                               |                  |           |            |            |
| Planning                                          | 79,123           | 84,123    | 15,168     | 68,955     |
| Contingency                                       | 132,569          | 130,423   | -          | 130,423    |
| Total expenditures                                | 211,692          | 214,546   | 15,168     | 199,378    |
| Excess (deficiency) of revenues over expenditures | 246,079          | 243,225   | 258,287    | 15,062     |
| <u>Other financing sources (uses)</u>             |                  |           |            |            |
| Special payments - loans                          | (366,473)        | (387,538) | -          | 387,538    |
| Special payments - grants                         | (396,864)        | (405,641) | (205,163)  | 200,478    |
| Transfers out                                     | (4,872)          | (4,872)   | (4,872)    | -          |
| Total other financing sources (uses)              | (768,209)        | (798,051) | (210,035)  | 588,016    |
| Net change in fund balance                        | (522,130)        | (554,826) | 48,252     | 603,078    |
| Fund balance, July 01, 2017                       | 522,130          | 554,826   | 617,748    | 62,922     |
| Fund balance, June 30, 2018                       | \$ -             | \$ -      | \$ 666,000 | \$ 666,000 |

# 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, 2018

|                             | Budgeted Amounts |            |            |           |
|-----------------------------|------------------|------------|------------|-----------|
|                             | Original         | Final      | Actual     | Variance  |
| <u>Revenues</u>             |                  |            |            |           |
| Intergovernmental           | \$ 221,000       | \$ 225,027 | \$ 225,638 | \$ 611    |
| Interest                    | -                | -          | 99         | 99        |
| Total revenues              | 221,000          | 225,027    | 225,737    | 710       |
| <u>Expenditures</u>         |                  |            |            |           |
| Communications              | 224,876          | 228,903    | 223,190    | 5,713     |
| Contingency                 | 19,481           | 19,481     | -          | 19,481    |
| Total expenditures          | 244,357          | 248,384    | 223,190    | 25,194    |
| Net change in fund balance  | (23,357)         | (23,357)   | 2,547      | 25,904    |
| Fund balance, July 01, 2017 | 23,357           | 23,357     | 19,081     | (4,276)   |
| Fund balance, June 30, 2018 | \$ -             | \$ -       | \$ 21,628  | \$ 21,628 |

## 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, 2018

|                             | Budgeted Amounts |          | Actual    | Variance  |
|-----------------------------|------------------|----------|-----------|-----------|
|                             | Original         | Final    |           |           |
| <u>Revenues</u>             |                  |          |           |           |
| Interest                    | \$ 200           | \$ 200   | \$ 393    | \$ 193    |
| Total revenues              | 200              | 200      | 393       | 193       |
| <u>Expenditures</u>         |                  |          |           |           |
| Police                      | 25,434           | 25,434   | 10,348    | 15,086    |
| Total expenditures          | 25,434           | 25,434   | 10,348    | 15,086    |
| Net change in fund balance  | (25,234)         | (25,234) | (9,955)   | 15,279    |
| Fund balance, July 01, 2017 | 25,234           | 25,234   | 25,268    | 34        |
| Fund balance, June 30, 2018 | \$ -             | \$ -     | \$ 15,313 | \$ 15,313 |



## 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, 2018

|                             | Budgeted Amounts |          | Actual    | Variance  |
|-----------------------------|------------------|----------|-----------|-----------|
|                             | Original         | Final    |           |           |
| <u>Revenues</u>             |                  |          |           |           |
| Interest                    | \$ 200           | \$ 200   | \$ 488    | \$ 288    |
| Total revenues              | 200              | 200      | 488       | 288       |
| <u>Expenditures</u>         |                  |          |           |           |
| Capital Outlay              | 38,025           | 38,025   | 21,878    | 16,147    |
| Total expenditures          | 38,025           | 38,025   | 21,878    | 16,147    |
| Net change in fund balance  | (37,825)         | (37,825) | (21,390)  | 16,435    |
| Fund balance, July 01, 2017 | 37,825           | 37,825   | 37,897    | 72        |
| Fund balance, June 30, 2018 | \$ -             | \$ -     | \$ 16,507 | \$ 16,507 |

# 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, 2018

|                             | Budgeted Amounts |           |           |             |
|-----------------------------|------------------|-----------|-----------|-------------|
|                             | Original         | Final     | Actual    | Variance    |
| <u>Revenues</u>             |                  |           |           |             |
| Intergovernmental           | \$ 62,000        | \$ 62,000 | \$ 20,770 | \$ (41,230) |
| Donations                   | 73,000           | 73,000    | 36,033    | (36,967)    |
| Interest                    | 600              | 600       | 1,331     | 731         |
| Total revenues              | 135,600          | 135,600   | 58,134    | (77,466)    |
| <u>Expenditures</u>         |                  |           |           |             |
| Library                     | 160,000          | 160,000   | 65,497    | 94,503      |
| Contingency                 | 39,116           | 39,116    | -         | 39,116      |
| Total expenditures          | 199,116          | 199,116   | 65,497    | 133,619     |
| Net change in fund balance  | (63,516)         | (63,516)  | (7,363)   | 56,153      |
| Fund balance, July 01, 2017 | 63,516           | 63,516    | 88,498    | 24,982      |
| Fund balance, June 30, 2018 | \$ -             | \$ -      | \$ 81,135 | \$ 81,135   |

# 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, 2018

|                             | Budgeted Amounts |            | Actual     | Variance   |
|-----------------------------|------------------|------------|------------|------------|
|                             | Original         | Final      |            |            |
| <u>Revenues</u>             |                  |            |            |            |
| Charges for services        | \$ 496,209       | \$ 507,142 | \$ 527,788 | \$ 20,646  |
| Interest                    | 600              | 2,158      | 2,187      | 29         |
| Total revenues              | 496,809          | 509,300    | 529,975    | 20,675     |
| <u>Expenditures</u>         |                  |            |            |            |
| Police                      | 354,914          | 354,914    | 347,142    | 7,772      |
| Communications              | 187,878          | 233,235    | 235,334    | (2,099)    |
| Contingency                 | 63,629           | 63,629     | -          | 63,629     |
| Total expenditures          | 606,421          | 651,778    | 582,476    | 69,302     |
| Net change in fund balance  | (109,612)        | (142,478)  | (52,501)   | 89,977     |
| Fund balance, July 01, 2017 | 109,612          | 142,478    | 171,860    | 29,382     |
| Fund balance, June 30, 2018 | \$ -             | \$ -       | \$ 119,359 | \$ 119,359 |

# 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, 2018

|                                                   | Budget       |              |              |            |
|---------------------------------------------------|--------------|--------------|--------------|------------|
|                                                   | Original     | Final        | Actual       | Variance   |
| <u>Revenues</u>                                   |              |              |              |            |
| Other taxes                                       | \$ 1,044,863 | \$ 1,079,863 | \$ 1,118,742 | \$ 38,879  |
| Interest                                          | 2,564        | 2,564        | 8,238        | 5,674      |
| Total revenues                                    | 1,047,427    | 1,082,427    | 1,126,980    | 44,553     |
| <u>Expenditures</u>                               |              |              |              |            |
| General government                                | 166,673      | 260,391      | 139,886      | 120,505    |
| Contingency                                       | -            | 12,250       | -            | 12,250     |
| Total expenditures                                | 166,673      | 272,641      | 139,886      | 132,755    |
| Excess (deficiency) of revenues over expenditures | 880,754      | 809,786      | 987,094      | 177,308    |
| <u>Other financing sources (uses)</u>             |              |              |              |            |
| Grants                                            | (450,622)    | (450,622)    | (17,491)     | 433,131    |
| Transfers out                                     | (680,132)    | (702,882)    | (726,436)    | (23,554)   |
| Total other financing sources (uses)              | (1,130,754)  | (1,153,504)  | (743,927)    | 409,577    |
| Net change in fund balance                        | (250,000)    | (343,718)    | 243,167      | 586,885    |
| Fund balance, July 01, 2017                       | 250,000      | 343,718      | 343,719      | 1          |
| Fund balance, June 30, 2018                       | \$ -         | \$ -         | \$ 586,886   | \$ 586,886 |

## **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, 2018

|                                                                                | Debt<br>Service  | City<br>Hall      | Totals            |
|--------------------------------------------------------------------------------|------------------|-------------------|-------------------|
| <b><u>ASSETS</u></b>                                                           |                  |                   |                   |
| Cash and cash equivalents                                                      | \$ 47,809        | \$ 612,916        | \$ 660,725        |
| Receivables:                                                                   |                  |                   |                   |
| Taxes                                                                          | 18,186           | -                 | 18,186            |
| <b>Total assets</b>                                                            | <b>\$ 65,995</b> | <b>\$ 612,916</b> | <b>\$ 678,911</b> |
| <b><u>LIABILITIES</u></b>                                                      |                  |                   |                   |
| Contingent liabilities (see footnote 4)                                        | \$ -             | \$ 446,000        | \$ 446,000        |
| <b>Total liabilities</b>                                                       | <b>-</b>         | <b>446,000</b>    | <b>446,000</b>    |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                    |                  |                   |                   |
| Unavailable revenue-property taxes                                             | 18,186           | -                 | 18,186            |
| <b>Total deferred inflows of resources</b>                                     | <b>18,186</b>    | <b>-</b>          | <b>18,186</b>     |
| <b><u>FUND BALANCES</u></b>                                                    |                  |                   |                   |
| Restricted                                                                     | 47,809           | -                 | 47,809            |
| Assigned                                                                       | -                | 166,916           | 166,916           |
| <b>Total fund balances</b>                                                     | <b>47,809</b>    | <b>166,916</b>    | <b>214,725</b>    |
| <b>Total liabilities, deferred inflows of resources,<br/>and fund balances</b> | <b>\$ 65,995</b> | <b>\$ 612,916</b> | <b>\$ 678,911</b> |

## City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Debt<br>Service | City<br>Hall | Totals     |
|---------------------------------------------------|-----------------|--------------|------------|
| <u>Revenues</u>                                   |                 |              |            |
| Property taxes                                    | \$ 7,703        | \$ -         | \$ 7,703   |
| Licenses and permits                              | -               | 159,282      | 159,282    |
| Intergovernmental                                 | 142,916         | -            | 142,916    |
| Facilities charge                                 | 119,492         | -            | 119,492    |
| Pension bond charge                               | 248,417         | -            | 248,417    |
| Interest                                          | 1,836           | 9,375        | 11,211     |
| Total revenues                                    | 520,364         | 168,657      | 689,021    |
| <u>Expenditures</u>                               |                 |              |            |
| Debt service:                                     |                 |              |            |
| Principal                                         | 453,590         | -            | 453,590    |
| Interest                                          | 190,743         | -            | 190,743    |
| Total expenditures                                | 644,333         | -            | 644,333    |
| Excess (deficiency) of revenues over expenditures | (123,969)       | 168,657      | 44,688     |
| <u>Other financing sources (uses)</u>             |                 |              |            |
| Contingency loss (see footnote 4)                 | -               | (446,000)    | (446,000)  |
| Transfers in                                      | 133,508         | -            | 133,508    |
| Transfers out                                     | -               | (108,486)    | (108,486)  |
| Total other financing sources (uses)              | 133,508         | (554,486)    | (420,978)  |
| Net change in fund balances                       | 9,539           | (385,829)    | (376,290)  |
| Fund balances, July 1, 2017                       | 38,270          | 552,745      | 591,015    |
| Fund balances, June 30, 2018                      | \$ 47,809       | \$ 166,916   | \$ 214,725 |

# 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, 2018

|                                                   | Budgeted Amounts |           |           |          |
|---------------------------------------------------|------------------|-----------|-----------|----------|
|                                                   | Original         | Final     | Actual    | Variance |
| <u>Revenues</u>                                   |                  |           |           |          |
| Property taxes                                    | \$ 6,138         | \$ 6,138  | \$ 7,703  | \$ 1,565 |
| Intergovernmental                                 | 142,916          | 142,916   | 142,916   | -        |
| Facilities charge                                 | 119,492          | 119,492   | 119,492   | -        |
| Pension bond charge                               | 249,398          | 249,398   | 248,417   | (981)    |
| Interest                                          | 300              | 300       | 1,836     | 1,536    |
| Total revenues                                    | 518,244          | 518,244   | 520,364   | 2,120    |
| <u>Expenditures</u>                               |                  |           |           |          |
| Debt service                                      |                  |           |           |          |
| Principal                                         | 533,774          | 533,774   | 453,590   | 80,184   |
| Interest                                          | 202,232          | 202,232   | 190,743   | 11,489   |
| Total expenditures                                | 736,006          | 736,006   | 644,333   | 91,673   |
| Excess (deficiency) of revenues over expenditures | (217,762)        | (217,762) | (123,969) | 93,793   |
| <u>Other financing sources (uses)</u>             |                  |           |           |          |
| Transfers in                                      | 225,181          | 225,181   | 133,508   | (91,673) |
| Total other financing sources (uses)              | 225,181          | 225,181   | 133,508   | (91,673) |
| Net change in fund balance                        | 7,419            | 7,419     | 9,539     | 2,120    |
| Fund balance, July 01, 2017                       | 36,946           | 36,946    | 38,270    | 1,324    |
| Fund balance, June 30, 2018                       | \$ 44,365        | \$ 44,365 | \$ 47,809 | \$ 3,444 |



# 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, 2018

|                                                            | Budgeted Amounts  |                   |                   |                   |
|------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                            | Original          | Final             | Actual            | Variance          |
| <u>Revenues</u>                                            |                   |                   |                   |                   |
| Licenses and permits                                       | \$ 90,000         | \$ 90,000         | \$ 159,282        | \$ 69,282         |
| Interest                                                   | 3,000             | 3,000             | 9,375             | 6,375             |
| <b>Total revenues</b>                                      | <b>93,000</b>     | <b>93,000</b>     | <b>168,657</b>    | <b>75,657</b>     |
| <u>Other financing sources (uses)</u>                      |                   |                   |                   |                   |
| Transfers out                                              | (108,486)         | (108,486)         | (108,486)         | -                 |
| <b>Total other financing sources (uses)</b>                | <b>(108,486)</b>  | <b>(108,486)</b>  | <b>(108,486)</b>  | <b>-</b>          |
| Net change in fund balance                                 | (15,486)          | (15,486)          | 60,171            | 75,657            |
| Fund balance, July 01, 2017                                | 512,086           | 512,086           | 552,745           | 40,659            |
| <b>Fund balance, June 30, 2018</b>                         | <b>\$ 496,600</b> | <b>\$ 496,600</b> | <b>\$ 612,916</b> | <b>\$ 116,316</b> |
| Reconciliation to generally accepted accounting principles |                   |                   |                   |                   |
| Contingency loss                                           |                   |                   | (446,000)         |                   |
| Fund balance, June 30, 2018                                |                   |                   | <u>\$ 166,916</u> |                   |

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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, 2018

|                                                                        | Street<br>System<br>Development | Governmental<br>Capital Projects | Totals       |
|------------------------------------------------------------------------|---------------------------------|----------------------------------|--------------|
| <u>ASSETS</u>                                                          |                                 |                                  |              |
| Cash and cash equivalents                                              | \$ 3,885,186                    | \$ 2,311,239                     | \$ 6,196,425 |
| Receivables:                                                           |                                 |                                  |              |
| Assessments                                                            | 72,176                          | -                                | 72,176       |
| Total assets                                                           | \$ 3,957,362                    | \$ 2,311,239                     | \$ 6,268,601 |
| <u>LIABILITIES</u>                                                     |                                 |                                  |              |
| Accounts payable                                                       | \$ -                            | \$ 14,183                        | \$ 14,183    |
| Total liabilities                                                      | -                               | 14,183                           | 14,183       |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                                   |                                 |                                  |              |
| Unavailable revenue-special assessments                                | 72,176                          | -                                | 72,176       |
| Total deferred inflows of resources                                    | 72,176                          | -                                | 72,176       |
| <u>FUND BALANCES</u>                                                   |                                 |                                  |              |
| Restricted                                                             | 3,885,186                       | 2,297,056                        | 6,182,242    |
| Total liabilities, deferred inflows of resources,<br>and fund balances | \$ 3,957,362                    | \$ 2,311,239                     | \$ 6,268,601 |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Street<br>System<br>Development | Governmental<br>Capital Projects | Totals       |
|---------------------------------------------------|---------------------------------|----------------------------------|--------------|
| <u>Revenues</u>                                   |                                 |                                  |              |
| Charges for services                              | \$ 2,171,610                    | \$ -                             | \$ 2,171,610 |
| Assessments                                       | 5,105                           | -                                | 5,105        |
| Interest                                          | 62,913                          | -                                | 62,913       |
| Total revenues                                    | 2,239,628                       | -                                | 2,239,628    |
| <u>Expenditures</u>                               |                                 |                                  |              |
| Capital outlay                                    | -                               | 854,574                          | 854,574      |
| Total expenditures                                | -                               | 854,574                          | 854,574      |
| Excess (deficiency) of revenues over expenditures | 2,239,628                       | (854,574)                        | 1,385,054    |
| <u>Other financing sources (uses)</u>             |                                 |                                  |              |
| Loan proceeds                                     | -                               | 3,151,630                        | 3,151,630    |
| Transfers out                                     | (1,291,176)                     | -                                | (1,291,176)  |
| Total other financing sources (uses)              | (1,291,176)                     | 3,151,630                        | 1,860,454    |
| Net change in fund balances                       | 948,452                         | 2,297,056                        | 3,245,508    |
| Fund balances, July 1, 2017                       | 2,936,734                       | -                                | 2,936,734    |
| Fund balances, June 30, 2018                      | \$ 3,885,186                    | \$ 2,297,056                     | \$ 6,182,242 |

# 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, 2018

|                                                   | Budgeted Amounts |              | Actual       | Variance     |
|---------------------------------------------------|------------------|--------------|--------------|--------------|
|                                                   | Original         | Final        |              |              |
| <u>Revenues</u>                                   |                  |              |              |              |
| Charges for services                              | \$ 1,600,000     | \$ 1,600,000 | \$ 2,171,610 | \$ 571,610   |
| Grants                                            | 740,000          | 740,000      | -            | (740,000)    |
| Assessments                                       | 3,800            | 3,800        | 5,105        | 1,305        |
| Interest                                          | 21,325           | 21,325       | 62,913       | 41,588       |
| Total revenues                                    | 2,365,125        | 2,365,125    | 2,239,628    | (125,497)    |
| <u>Expenditures</u>                               |                  |              |              |              |
| Contingency                                       | 1,359,238        | 1,359,238    | -            | 1,359,238    |
| Total expenditures                                | 1,359,238        | 1,359,238    | -            | 1,359,238    |
| Excess (deficiency) of revenues over expenditures | 1,005,887        | 1,005,887    | 2,239,628    | 1,233,741    |
| <u>Other financing sources (uses)</u>             |                  |              |              |              |
| Transfers out                                     | (3,971,000)      | (3,971,000)  | (1,291,176)  | 2,679,824    |
| Total other financing sources (uses)              | (3,971,000)      | (3,971,000)  | (1,291,176)  | 2,679,824    |
| Net change in fund balance                        | (2,965,113)      | (2,965,113)  | 948,452      | 3,913,565    |
| Fund balance, July 01, 2017                       | 2,965,113        | 2,965,113    | 2,936,734    | (28,379)     |
| Fund balance, June 30, 2018                       | \$ -             | \$ -         | \$ 3,885,186 | \$ 3,885,186 |

# 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, 2018

|                                                   | Budget   |              |              |              |
|---------------------------------------------------|----------|--------------|--------------|--------------|
|                                                   | Original | Final        | Actual       | Variance     |
| <u>Expenditures</u>                               |          |              |              |              |
| Capital outlay                                    | \$ -     | \$ 3,151,630 | \$ 854,574   | \$ 2,297,056 |
| Total expenditures                                | -        | 3,151,630    | 854,574      | 2,297,056    |
| Excess (deficiency) of revenues over expenditures | -        | (3,151,630)  | (854,574)    | 2,297,056    |
| <u>Other financing sources (uses)</u>             |          |              |              |              |
| Proceeds from long-term debt, net                 | -        | 3,151,630    | 3,151,630    | -            |
| Total other financing sources (uses)              | -        | 3,151,630    | 3,151,630    | -            |
| Net change in fund balance                        | -        | -            | 2,297,056    | 2,297,056    |
| Fund balance, July 01, 2017                       | -        | -            | -            | -            |
| Fund balance, June 30, 2018                       | \$ -     | \$ -         | \$ 2,297,056 | \$ 2,297,056 |

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## **PROPRIETARY FUNDS**

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

For budgetary purposes, the water, wastewater, stormwater, and emergency medical services activities are accounted for in the following separate funds:

#### **Water**

Water (operating)  
Water System Development

#### **Wastewater**

Wastewater (operating)  
Wastewater System Development

#### **Stormwater**

Stormwater (operating)  
Stormwater System Development

#### **Other**

Proprietary Capital Projects

#### **Emergency Medical Services**

#### **Reconciliations**

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

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                          | Budgeted Amounts    |                     |                     |                     |
|----------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                          | Original            | Final               | Actual              | Variance            |
| <u>Revenues</u>                                          |                     |                     |                     |                     |
| Charges for services                                     | \$ 5,757,214        | \$ 5,757,214        | \$ 5,935,990        | \$ 178,776          |
| Interest                                                 | 50,000              | 50,000              | 163,387             | 113,387             |
| Miscellaneous                                            | 30,500              | 30,500              | 69,367              | 38,867              |
| <b>Total revenues</b>                                    | <b>5,837,714</b>    | <b>5,837,714</b>    | <b>6,168,744</b>    | <b>331,030</b>      |
| <u>Expenditures</u>                                      |                     |                     |                     |                     |
| Public works                                             | 3,779,337           | 3,779,337           | 3,527,798           | 251,539             |
| Debt service:                                            |                     |                     |                     |                     |
| Principal                                                | 342,172             | 342,172             | 342,172             | -                   |
| Interest                                                 | 72,431              | 72,431              | 72,430              | 1                   |
| Contingency                                              | 2,084,343           | 2,084,343           | -                   | 2,084,343           |
| <b>Total expenditures</b>                                | <b>6,278,283</b>    | <b>6,278,283</b>    | <b>3,942,400</b>    | <b>2,335,883</b>    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(440,569)</b>    | <b>(440,569)</b>    | <b>2,226,344</b>    | <b>2,666,913</b>    |
| <u>Other financing sources (uses)</u>                    |                     |                     |                     |                     |
| Sale of capital assets                                   | -                   | -                   | 1,063               | 1,063               |
| Special payments - loans                                 | (25,000)            | (25,000)            | -                   | 25,000              |
| Transfers In                                             | 39,811              | 39,811              | 39,840              | 29                  |
| Transfers Out                                            | (1,805,174)         | (1,805,174)         | (461,033)           | 1,344,141           |
| <b>Total other financing sources (uses)</b>              | <b>(1,790,363)</b>  | <b>(1,790,363)</b>  | <b>(420,130)</b>    | <b>1,370,233</b>    |
| <b>Net change in fund balance</b>                        | <b>(2,230,932)</b>  | <b>(2,230,932)</b>  | <b>1,806,214</b>    | <b>4,037,146</b>    |
| Fund balance, July 1, 2017                               | 8,874,908           | 8,874,908           | 8,995,620           | 120,712             |
| <b>Fund balance, June 30, 2018</b>                       | <b>\$ 6,643,976</b> | <b>\$ 6,643,976</b> | <b>\$10,801,834</b> | <b>\$ 4,157,858</b> |

## City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |            |            |            |
|---------------------------------------------------|------------------|------------|------------|------------|
|                                                   | Original         | Final      | Actual     | Variance   |
| <u>Revenues</u>                                   |                  |            |            |            |
| Development fees                                  | \$ 500,000       | \$ 500,000 | \$ 559,688 | \$ 59,688  |
| Assessments                                       | 1,400            | 1,400      | 11,141     | 9,741      |
| Interest                                          | 3,100            | 3,100      | 6,989      | 3,889      |
| Total revenues                                    | 504,500          | 504,500    | 577,818    | 73,318     |
| <u>Expenditures</u>                               |                  |            |            |            |
| Debt service:                                     |                  |            |            |            |
| Principal                                         | 626,762          | 626,762    | 626,762    | -          |
| Interest                                          | 219,069          | 219,069    | 219,069    | -          |
| Contingency                                       | 4,300            | 4,300      | -          | 4,300      |
| Total expenditures                                | 850,131          | 850,131    | 845,831    | 4,300      |
| Excess (deficiency) of revenues over expenditures | (345,631)        | (345,631)  | (268,013)  | 77,618     |
| <u>Other financing sources (uses)</u>             |                  |            |            |            |
| Transfers in                                      | 230,213          | 230,213    | 21,939     | (208,274)  |
| Transfers out                                     | (183,100)        | (183,100)  | (12,338)   | 170,762    |
| Total other financing sources (uses)              | 47,113           | 47,113     | 9,601      | (37,512)   |
| Net change in fund balance                        | (298,518)        | (298,518)  | (258,412)  | 40,106     |
| Fund balance, July 1, 2017                        | 298,518          | 298,518    | 572,610    | 274,092    |
| Fund balance, June 30, 2018                       | \$ -             | \$ -       | \$ 314,198 | \$ 314,198 |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |              |              |              |
|---------------------------------------------------|------------------|--------------|--------------|--------------|
|                                                   | Original         | Final        | Actual       | Variance     |
| <u>Revenues</u>                                   |                  |              |              |              |
| Charges for services                              | \$ 8,068,030     | \$ 8,068,030 | \$ 8,137,018 | \$ 68,988    |
| Interest                                          | 65,000           | 65,000       | 193,065      | 128,065      |
| Miscellaneous                                     | 11,300           | 11,300       | 28,337       | 17,037       |
| Total revenues                                    | 8,144,330        | 8,144,330    | 8,358,420    | 214,090      |
| <u>Expenditures</u>                               |                  |              |              |              |
| Public works                                      | 5,661,477        | 5,661,477    | 4,864,336    | 797,141      |
| Debt service:                                     |                  |              |              |              |
| Principal                                         | 1,600,925        | 1,600,925    | 1,600,925    | -            |
| Interest                                          | 726,348          | 726,348      | 726,348      | -            |
| Contingency                                       | 1,979,530        | 1,875,475    | -            | 1,875,475    |
| Total expenditures                                | 9,968,280        | 9,864,225    | 7,191,609    | 2,672,616    |
| Excess (deficiency) of revenues over expenditures | (1,823,950)      | (1,719,895)  | 1,166,811    | 2,886,706    |
| <u>Other financing sources (uses)</u>             |                  |              |              |              |
| Special payments - loans                          | (50,000)         | (50,000)     | -            | 50,000       |
| Sale of capital assets                            | -                | -            | 923          | 923          |
| Transfers in                                      | 2,829            | 2,829        | 2,858        | 29           |
| Transfers out                                     | (3,110,000)      | (3,214,055)  | (1,382,165)  | 1,831,890    |
| Total other financing sources (uses)              | (3,157,171)      | (3,261,226)  | (1,378,384)  | 1,882,842    |
| Net change in fund balance                        | (4,981,121)      | (4,981,121)  | (211,573)    | 4,769,548    |
| Fund balance, July 1, 2017                        | 10,812,028       | 10,812,028   | 11,973,384   | 1,161,356    |
| Fund balance, June 30, 2018                       | \$ 5,830,907     | \$ 5,830,907 | \$11,761,811 | \$ 5,930,904 |

## 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, 2018

|                                                   | Budgeted Amounts |             |              |              |
|---------------------------------------------------|------------------|-------------|--------------|--------------|
|                                                   | Original         | Final       | Actual       | Variance     |
| <u>Revenues</u>                                   |                  |             |              |              |
| Development fees                                  | \$ 800,000       | \$ 800,000  | \$ 1,764,862 | \$ 964,862   |
| Assessments                                       | -                | -           | 605          | 605          |
| Interest                                          | 30,000           | 30,000      | 87,964       | 57,964       |
| Total revenues                                    | 830,000          | 830,000     | 1,853,431    | 1,023,431    |
| <u>Expenditures</u>                               |                  |             |              |              |
| Debt service:                                     |                  |             |              |              |
| Principal                                         | 186,882          | 186,882     | 186,882      | -            |
| Interest                                          | 97,842           | 97,842      | 97,842       | -            |
| Contingency                                       | 3,766,802        | 3,766,802   | -            | 3,766,802    |
| Total expenditures                                | 4,051,526        | 4,051,526   | 284,724      | 3,766,802    |
| Excess (deficiency) of revenues over expenditures | (3,221,526)      | (3,221,526) | 1,568,707    | 4,790,233    |
| <u>Other financing sources (uses)</u>             |                  |             |              |              |
| Transfers out                                     | (1,295,000)      | (1,295,000) | (708,807)    | 586,193      |
| Total other financing sources (uses)              | (1,295,000)      | (1,295,000) | (708,807)    | 586,193      |
| Net change in fund balance                        | (4,516,526)      | (4,516,526) | 859,900      | 5,376,426    |
| Fund balance, July 1, 2017                        | 4,516,526        | 4,516,526   | 5,106,411    | 589,885      |
| Fund balance, June 30, 2018                       | \$ -             | \$ -        | \$ 5,966,311 | \$ 5,966,311 |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                          | Budgeted Amounts |                  | Actual            | Variance          |
|----------------------------------------------------------|------------------|------------------|-------------------|-------------------|
|                                                          | Original         | Final            |                   |                   |
| <u>Revenues</u>                                          |                  |                  |                   |                   |
| Charges for services                                     | \$ 1,477,595     | \$ 1,477,595     | \$ 1,545,957      | \$ 68,362         |
| Interest                                                 | 8,500            | 8,500            | 10,211            | 1,711             |
| Miscellaneous                                            | -                | -                | 8                 | 8                 |
| <b>Total revenues</b>                                    | <b>1,486,095</b> | <b>1,486,095</b> | <b>1,556,176</b>  | <b>70,081</b>     |
| <u>Expenditures</u>                                      |                  |                  |                   |                   |
| Public works                                             | 1,279,253        | 1,279,253        | 1,128,143         | 151,110           |
| Contingency                                              | 212,823          | 173,411          | -                 | 173,411           |
| <b>Total expenditures</b>                                | <b>1,492,076</b> | <b>1,452,664</b> | <b>1,128,143</b>  | <b>324,521</b>    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(5,981)</b>   | <b>33,431</b>    | <b>428,033</b>    | <b>394,602</b>    |
| <u>Other financing sources (uses)</u>                    |                  |                  |                   |                   |
| Sale of capital assets                                   | -                | -                | 923               | 923               |
| Transfers in                                             | 2,829            | 2,829            | 2,858             | 29                |
| Transfers out                                            | (895,000)        | (934,412)        | (857,745)         | 76,667            |
| <b>Total other financing sources (uses)</b>              | <b>(892,171)</b> | <b>(931,583)</b> | <b>(853,964)</b>  | <b>77,619</b>     |
| <b>Net change in fund balance</b>                        | <b>(898,152)</b> | <b>(898,152)</b> | <b>(425,931)</b>  | <b>472,221</b>    |
| Fund balance, July 1, 2017                               | 898,152          | 898,152          | 1,028,959         | 130,807           |
| <b>Fund balance, June 30, 2018</b>                       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 603,028</b> | <b>\$ 603,028</b> |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |           |            |            |
|---------------------------------------------------|------------------|-----------|------------|------------|
|                                                   | Original         | Final     | Actual     | Variance   |
| <u>Revenues</u>                                   |                  |           |            |            |
| Development fees                                  | \$ 70,000        | \$ 70,000 | \$ 81,060  | \$ 11,060  |
| Interest                                          | 1,200            | 1,200     | 1,873      | 673        |
| Total revenues                                    | 71,200           | 71,200    | 82,933     | 11,733     |
| <u>Expenditures</u>                               |                  |           |            |            |
| Contingency                                       | 96,772           | 96,772    | -          | 96,772     |
| Total expenditures                                | 96,772           | 96,772    | -          | 96,772     |
| Excess (deficiency) of revenues over expenditures | (25,572)         | (25,572)  | 82,933     | 108,505    |
| <u>Other financing sources (uses)</u>             |                  |           |            |            |
| Transfers out                                     | (55,000)         | (55,000)  | (51,905)   | 3,095      |
| Total other financing sources (uses)              | (55,000)         | (55,000)  | (51,905)   | 3,095      |
| Net change in fund balance                        | (80,572)         | (80,572)  | 31,028     | 111,600    |
| Fund balance, July 1, 2017                        | 94,806           | 94,806    | 106,284    | 11,478     |
| Fund balance, June 30, 2018                       | \$ 14,234        | \$ 14,234 | \$ 137,312 | \$ 123,078 |

# 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, 2018

|                                                   | Budgeted Amounts |              | Actual       | Variance     |
|---------------------------------------------------|------------------|--------------|--------------|--------------|
|                                                   | Original         | Final        |              |              |
| <u>Expenditures</u>                               |                  |              |              |              |
| Capital outlay                                    | \$ 7,135,000     | \$ 7,278,467 | \$ 3,473,993 | \$ 3,804,474 |
| Total expenditures                                | 7,135,000        | 7,278,467    | 3,473,993    | 3,804,474    |
| Excess (deficiency) of revenues over expenditures | (7,135,000)      | (7,278,467)  | (3,473,993)  | 3,804,474    |
| <u>Other financing sources (uses)</u>             |                  |              |              |              |
| Transfers in                                      | 7,135,000        | 7,278,467    | 3,473,993    | (3,804,474)  |
| Total other financing sources (uses)              | 7,135,000        | 7,278,467    | 3,473,993    | (3,804,474)  |
| Net change in fund balance                        | -                | -            | -            | -            |
| Fund balance, July 1, 2017                        | -                | -            | -            | -            |
| Fund balance, June 30, 2018                       | \$ -             | \$ -         | \$ -         | \$ -         |



# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |           | Actual    | Variance   |
|---------------------------------------------------|------------------|-----------|-----------|------------|
|                                                   | Original         | Final     |           |            |
| <u>Revenues</u>                                   |                  |           |           |            |
| Charges for services                              | \$ -             | \$ 30,000 | \$ 26,618 | \$ (3,382) |
| Interest                                          | 1,000            | 1,200     | 903       | (297)      |
| Total revenues                                    | 1,000            | 31,200    | 27,521    | (3,679)    |
| <u>Expenditures</u>                               |                  |           |           |            |
| Fire                                              | 200,000          | 230,000   | 225,542   | 4,458      |
| Contingency                                       | 36,295           | -         | -         | -          |
| Total expenditures                                | 236,295          | 230,000   | 225,542   | 4,458      |
| Excess (deficiency) of expenditures over revenues | (235,295)        | (198,800) | (198,021) | 779        |
| <u>Other financing sources (uses)</u>             |                  |           |           |            |
| Transfers out                                     | (351,741)        | (380,859) | (381,638) | (779)      |
| Loans                                             | 500,000          | 500,000   | 500,000   | -          |
| Total other financing sources (uses)              | 148,259          | 119,141   | 118,362   | (779)      |
| Net change in fund balance                        | (87,036)         | (79,659)  | (79,659)  | -          |
| Fund balance, July 1, 2017                        | 87,036           | 79,659    | 79,659    | -          |
| Fund balance, June 30, 2018                       | \$ -             | \$ -      | \$ -      | \$ -       |

## City of Newberg

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

For the Year Ended June 30, 2018

| Fund                                                      | Water        |                     | Wastewater  |                     |
|-----------------------------------------------------------|--------------|---------------------|-------------|---------------------|
|                                                           | Revenues     | Expenditures        | Revenues    | Expenditures        |
| Water                                                     | \$ 6,168,744 | \$ 3,942,400        | \$ -        | \$ -                |
| Water System Development                                  | 577,818      | 845,831             | -           | -                   |
| Wastewater                                                | -            | -                   | 8,358,420   | 7,191,609           |
| Wastewater System Development                             | -            | -                   | 1,853,431   | 284,724             |
| Stormwater                                                | -            | -                   | -           | -                   |
| Stormwater System Development                             | -            | -                   | -           | -                   |
| Proprietary Capital Projects                              | -            | 473,371             | -           | 2,090,972           |
| Emergency Medical Services                                | -            | -                   | -           | -                   |
| Total revenues and expenditures<br>(budgetary basis)      | 6,746,562    | 5,261,602           | 10,211,851  | 9,567,305           |
| <u>Adjustments</u>                                        |              |                     |             |                     |
| Depreciation                                              | -            | 1,265,305           | -           | 2,819,951           |
| Contributed capital                                       | (559,688)    | -                   | (1,764,862) | -                   |
| Gain on sale of capital assets                            | 1,063        | -                   | 923         | -                   |
| Principal payments                                        | -            | (968,934)           | -           | (1,787,807)         |
| Interest accrual                                          | -            | (30,128)            | -           | (79,857)            |
| Assessment receivable collections                         | (11,141)     | -                   | (605)       | -                   |
| Expenditures capitalized                                  | -            | (499,585)           | -           | (1,798,116)         |
| Change in compensated absences                            | -            | 8,110               | -           | 7,561               |
| Change in pension related activities                      | -            | 78,403              | -           | 275,366             |
| Change in other postemployment benefit related activities | -            | 8,172               | -           | 9,888               |
| Total revenues and expenses<br>(accrual basis)            | 6,176,796    | 5,122,945           | 8,447,307   | 9,014,291           |
| Net income (loss) before contributions<br>and transfers   |              | <u>\$ 1,053,851</u> |             | <u>\$ (566,984)</u> |

| Stormwater |                   | Emergency Medical Services |                     | Totals       |                   |
|------------|-------------------|----------------------------|---------------------|--------------|-------------------|
| Revenues   | Expenditures      | Revenues                   | Expenditures        | Revenues     | Expenditures      |
| \$ -       | \$ -              | \$ -                       | \$ -                | \$ 6,168,744 | \$ 3,942,400      |
| -          | -                 | -                          | -                   | 577,818      | 845,831           |
| -          | -                 | -                          | -                   | 8,358,420    | 7,191,609         |
| -          | -                 | -                          | -                   | 1,853,431    | 284,724           |
| 1,556,176  | 1,128,143         | -                          | -                   | 1,556,176    | 1,128,143         |
| 82,933     | -                 | -                          | -                   | 82,933       | -                 |
| -          | 909,650           | -                          | -                   | -            | 3,473,993         |
| -          | -                 | 27,521                     | 225,542             | 27,521       | 225,542           |
| 1,639,109  | 2,037,793         | 27,521                     | 225,542             | 18,625,043   | 17,092,242        |
| -          | 298,382           | -                          | 80,325              | -            | 4,463,963         |
| (81,060)   | -                 | -                          | -                   | (2,405,610)  | -                 |
| 923        | -                 | -                          | -                   | 2,909        | -                 |
| -          | -                 | -                          | -                   | -            | (2,756,741)       |
| -          | -                 | -                          | -                   | -            | (109,985)         |
| -          | -                 | -                          | -                   | (11,746)     | -                 |
| -          | (883,875)         | -                          | -                   | -            | (3,181,576)       |
| -          | 6,098             | -                          | -                   | -            | 21,769            |
| -          | (24,252)          | -                          | -                   | -            | 329,517           |
| -          | 3,182             | -                          | -                   | -            | 21,242            |
| 1,558,972  | 1,437,328         | 27,521                     | 305,867             | 16,210,596   | 15,880,431        |
|            | <u>\$ 121,644</u> |                            | <u>\$ (278,346)</u> |              | <u>\$ 330,165</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, 2018

|                                             | Administrative<br>Support<br>Services | Vehicle/<br>Equipment<br>Replacement | Totals       |
|---------------------------------------------|---------------------------------------|--------------------------------------|--------------|
| <b>ASSETS</b>                               |                                       |                                      |              |
| <u>Current assets</u>                       |                                       |                                      |              |
| Cash and investments                        | \$ 1,277,319                          | \$ 1,994,992                         | \$ 3,272,311 |
| Accounts and other receivables              | 4,931                                 | -                                    | 4,931        |
| Inventory                                   | 21,178                                | -                                    | 21,178       |
| Total current assets                        | 1,303,428                             | 1,994,992                            | 3,298,420    |
| <u>Noncurrent assets</u>                    |                                       |                                      |              |
| Capital assets, net of depreciation         | 169,667                               | 1,832,583                            | 2,002,250    |
| Total noncurrent assets                     | 169,667                               | 1,832,583                            | 2,002,250    |
| Total assets                                | 1,473,095                             | 3,827,575                            | 5,300,670    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                       |                                      |              |
| Pension related items                       | 1,770,980                             | -                                    | 1,770,980    |
| Other postemployment benefits related items | 5,374                                 | -                                    | 5,374        |
| Total deferred outflows of resources        | 1,776,354                             | -                                    | 1,776,354    |
| <b>LIABILITIES</b>                          |                                       |                                      |              |
| <u>Current liabilities</u>                  |                                       |                                      |              |
| Accounts payable                            | 79,672                                | 36,896                               | 116,568      |
| Payroll payables                            | 735,331                               | -                                    | 735,331      |
| Compensated absences                        | 212,403                               | -                                    | 212,403      |
| Current portion of capital leases payable   | -                                     | 15,988                               | 15,988       |
| Total current liabilities                   | 1,027,406                             | 52,884                               | 1,080,290    |
| <u>Long-term obligations</u>                |                                       |                                      |              |
| Net pension liability                       | 5,040,566                             | -                                    | 5,040,566    |
| Other postemployment benefits liability     | 109,578                               | -                                    | 109,578      |
| Total long-term obligations                 | 5,150,144                             | -                                    | 5,150,144    |
| Total liabilities                           | 6,177,550                             | 52,884                               | 6,230,434    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                                       |                                      |              |
| Pension related items                       | 582,953                               | -                                    | 582,953      |
| Other postemployment benefits related items | 6,265                                 | -                                    | 6,265        |
| Total deferred inflows of resources         | 589,218                               | -                                    | 589,218      |
| <b>NET POSITION</b>                         |                                       |                                      |              |
| Net investment in capital assets            | 169,667                               | 1,816,595                            | 1,986,262    |
| Unrestricted                                | (3,686,986)                           | 1,958,096                            | (1,728,890)  |
| Total net position                          | \$ (3,517,319)                        | \$ 3,774,691                         | \$ 257,372   |

## City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                         | Administrative<br>Support<br>Services | Vehicle/<br>Equipment<br>Replacement | Totals       |
|-----------------------------------------|---------------------------------------|--------------------------------------|--------------|
| <u>Operating revenues</u>               |                                       |                                      |              |
| Internal service charge                 | \$ 4,519,705                          | \$ 1,081,665                         | \$ 5,601,370 |
| Charges for services                    | 22,462                                | 3,665                                | 26,127       |
| Miscellaneous                           | 3,942                                 | 6,192                                | 10,134       |
| Total operating revenues                | 4,546,109                             | 1,091,522                            | 5,637,631    |
| <u>Operating expenses</u>               |                                       |                                      |              |
| Personal services                       | 4,082,329                             | -                                    | 4,082,329    |
| Materials and services                  | 1,786,932                             | 109,550                              | 1,896,482    |
| Depreciation                            | 16,223                                | 418,700                              | 434,923      |
| Total operating expenses                | 5,885,484                             | 528,250                              | 6,413,734    |
| Operating income (loss)                 | (1,339,375)                           | 563,272                              | (776,103)    |
| <u>Nonoperating revenues (expenses)</u> |                                       |                                      |              |
| Interest                                | 22,485                                | 29,893                               | 52,378       |
| Gain (loss) on sale of capital assets   | 10                                    | 34,632                               | 34,642       |
| Total nonoperating revenues (expenses)  | 22,495                                | 64,525                               | 87,020       |
| Income (loss) before transfers          | (1,316,880)                           | 627,797                              | (689,083)    |
| Transfers in                            | 24,489                                | 16,412                               | 40,901       |
| Transfers out                           | (3,362)                               | -                                    | (3,362)      |
| Change in net position                  | (1,295,753)                           | 644,209                              | (651,544)    |
| Total net position, July 1, 2017        | 485,240                               | 3,130,482                            | 3,615,722    |
| Prior period adjustment                 | (2,706,806)                           | -                                    | (2,706,806)  |
| Total net position, June 30, 2018       | \$ (3,517,319)                        | \$ 3,774,691                         | \$ 257,372   |

# City of Newberg, Oregon

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2018

|                                                                         | Administrative<br>Support<br>Services | Vehicle/<br>Equipment<br>Replacement | Totals       |
|-------------------------------------------------------------------------|---------------------------------------|--------------------------------------|--------------|
| <u>Cash flows from operating activities</u>                             |                                       |                                      |              |
| Cash received from other funds                                          | \$ 4,539,703                          | \$ 1,085,330                         | \$ 5,625,033 |
| Cash paid to suppliers                                                  | (1,787,325)                           | (107,296)                            | (1,894,621)  |
| Cash paid to employees                                                  | (2,820,677)                           | -                                    | (2,820,677)  |
| Other receipts                                                          | 3,942                                 | 6,192                                | 10,134       |
| Net cash provided by operating activities                               | (64,357)                              | 984,226                              | 919,869      |
| <u>Cash flows from noncapital financing activities</u>                  |                                       |                                      |              |
| Transfers in                                                            | 24,489                                | 16,412                               | 40,901       |
| Transfers out                                                           | (3,362)                               | -                                    | (3,362)      |
| Net cash provided by (used in) noncapital financing activities          | 21,127                                | 16,412                               | 37,539       |
| <u>Cash flows from capital and related financing activities</u>         |                                       |                                      |              |
| Sale of capital assets                                                  | 10                                    | 34,632                               | 34,642       |
| Principal paid on long-term obligations                                 | -                                     | (66,488)                             | (66,488)     |
| Purchase of capital assets                                              | (27,456)                              | (469,630)                            | (497,086)    |
| Net cash provided by (used in) capital and related financing activities | (27,446)                              | (501,486)                            | (528,932)    |
| <u>Cash flows from investing activities</u>                             |                                       |                                      |              |
| Interest received on investments                                        | 22,485                                | 29,893                               | 52,378       |
| Net cash provided by investing activities                               | 22,485                                | 29,893                               | 52,378       |
| Net increase (decrease) in cash                                         | (48,191)                              | 529,045                              | 480,854      |
| Cash and investments, July 1, 2017                                      | 1,325,510                             | 1,465,947                            | 2,791,457    |
| Cash and investments, June 30, 2018                                     | \$ 1,277,319                          | \$ 1,994,992                         | \$ 3,272,311 |

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

|                         |                |            |              |
|-------------------------|----------------|------------|--------------|
| Operating income (loss) | \$ (1,339,375) | \$ 563,272 | \$ (776,103) |
|-------------------------|----------------|------------|--------------|

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

|                                              |             |            |            |
|----------------------------------------------|-------------|------------|------------|
| Depreciation and amortization                | 16,223      | 418,700    | 434,923    |
| (Increase) decrease in OPEB related items    | 12,291      | -          | 12,291     |
| (Increase) decrease in accounts receivable   | (2,464)     | -          | (2,464)    |
| (Increase) decrease in inventory             | 88          | -          | 88         |
| Increase (decrease) in accounts payable      | (481)       | 2,254      | 1,773      |
| Increase (decrease) in payroll payable       | 195,101     | -          | 195,101    |
| Increase (decrease) in compensated absences  | 16,002      | -          | 16,002     |
| Increase (decrease) in pension related items | 1,038,258   | -          | 1,038,258  |
| Net cash provided by operating activities    | \$ (64,357) | \$ 984,226 | \$ 919,869 |



# 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, 2018

|                                                          | Budgeted Amounts |                  |                   |                   |
|----------------------------------------------------------|------------------|------------------|-------------------|-------------------|
|                                                          | Original         | Final            | Actual            | Variance          |
| <u>Revenues</u>                                          |                  |                  |                   |                   |
| Internal service charges                                 | \$ 4,694,705     | \$ 4,694,705     | \$ 4,519,705      | \$ (175,000)      |
| Intergovernmental                                        | 6,106            | 6,106            | 4,674             | (1,432)           |
| Charges for services                                     | 15,300           | 15,300           | 17,788            | 2,488             |
| Interest                                                 | 10,000           | 10,000           | 22,485            | 12,485            |
| Miscellaneous                                            | -                | -                | 3,942             | 3,942             |
| <b>Total revenues</b>                                    | <b>4,726,111</b> | <b>4,726,111</b> | <b>4,568,594</b>  | <b>(157,517)</b>  |
| <u>Expenditures</u>                                      |                  |                  |                   |                   |
| Departmental:                                            |                  |                  |                   |                   |
| City manager                                             | 857,482          | 857,482          | 802,249           | 55,233            |
| Finance                                                  | 1,057,762        | 1,057,762        | 1,019,352         | 38,410            |
| General office                                           | 177,289          | 177,289          | 151,203           | 26,086            |
| Information services                                     | 1,071,444        | 1,071,444        | 1,049,021         | 22,423            |
| Legal                                                    | 480,443          | 480,443          | 448,083           | 32,360            |
| Public works                                             | 1,044,410        | 1,055,134        | 1,010,296         | 44,838            |
| Insurance                                                | 366,446          | 376,446          | 349,962           | 26,484            |
| Contingency                                              | 244,898          | 224,174          | -                 | 224,174           |
| <b>Total expenditures</b>                                | <b>5,300,174</b> | <b>5,300,174</b> | <b>4,830,166</b>  | <b>470,008</b>    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(574,063)</b> | <b>(574,063)</b> | <b>(261,572)</b>  | <b>312,491</b>    |
| <u>Other financing sources (uses)</u>                    |                  |                  |                   |                   |
| Transfers in                                             | 24,241           | 24,241           | 24,489            | 248               |
| Transfers out                                            | (3,362)          | (3,362)          | (3,362)           | -                 |
| Proceeds from sale of capital assets                     | -                | -                | 10                | 10                |
| <b>Total other financing sources (uses)</b>              | <b>20,879</b>    | <b>20,879</b>    | <b>21,137</b>     | <b>258</b>        |
| <b>Net change in fund balance</b>                        | <b>(553,184)</b> | <b>(553,184)</b> | <b>(240,435)</b>  | <b>312,749</b>    |
| <b>Fund balance, July 1, 2017</b>                        | <b>553,184</b>   | <b>553,184</b>   | <b>728,860</b>    | <b>175,676</b>    |
| <b>Fund balance, June 30, 2018</b>                       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 488,425</b> | <b>\$ 488,425</b> |

# City of Newberg, Oregon

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

For the Year Ended June 30, 2018

|                                                   | Budgeted Amounts |              |              |              |
|---------------------------------------------------|------------------|--------------|--------------|--------------|
|                                                   | Original         | Final        | Actual       | Variance     |
| <u>Revenues</u>                                   |                  |              |              |              |
| Internal service charges                          | \$ 1,081,665     | \$ 1,081,665 | \$ 1,081,665 | \$ -         |
| Charges for services                              | 4,000            | 4,000        | 3,665        | (335)        |
| Interest                                          | 12,000           | 12,000       | 29,893       | 17,893       |
| Miscellaneous                                     | -                | -            | 6,192        | 6,192        |
| Total revenues                                    | 1,097,665        | 1,097,665    | 1,121,415    | 23,750       |
| <u>Expenditures</u>                               |                  |              |              |              |
| Departmental:                                     |                  |              |              |              |
| Manager                                           | 2,481            | 2,481        | -            | 2,481        |
| Finance                                           | 17,496           | 17,496       | -            | 17,496       |
| Municipal court                                   | 4,114            | 4,114        | -            | 4,114        |
| Information technology                            | 76,396           | 76,396       | 68,272       | 8,124        |
| Legal                                             | 423              | 423          | -            | 423          |
| Police                                            | 461,425          | 461,425      | 128,185      | 333,240      |
| Communications                                    | 153,488          | 153,488      | -            | 153,488      |
| Library                                           | 13,103           | 13,103       | -            | 13,103       |
| Planning                                          | 2,975            | 2,975        | -            | 2,975        |
| Building inspection                               | 26,412           | 26,412       | -            | 26,412       |
| Public works                                      | 1,567,572        | 1,567,572    | 378,978      | 1,188,594    |
| Facilities repair/maintenance                     | 160,940          | 160,940      | 70,233       | 90,707       |
| Total expenditures                                | 2,486,825        | 2,486,825    | 645,668      | 1,841,157    |
| Excess (deficiency) of revenues over expenditures | (1,389,160)      | (1,389,160)  | 475,747      | 1,864,907    |
| <u>Other financing sources</u>                    |                  |              |              |              |
| Sale of capital assets                            | -                | -            | 34,632       | 34,632       |
| Transfers in                                      | 16,412           | 16,412       | 16,412       | -            |
| Total other financing sources                     | 16,412           | 16,412       | 51,044       | 34,632       |
| Net change in fund balance                        | (1,372,748)      | (1,372,748)  | 526,791      | 1,899,539    |
| Fund balance, July 1, 2017                        | 1,372,748        | 1,372,748    | 1,431,305    | 58,557       |
| Fund balance, June 30, 2018                       | \$ -             | \$ -         | \$ 1,958,096 | \$ 1,958,096 |

## 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, 2018

| Fund                                                    | Administrative Support Services |                       | Vehicle/<br>Equipment Replacement |                   | Totals       |                     |
|---------------------------------------------------------|---------------------------------|-----------------------|-----------------------------------|-------------------|--------------|---------------------|
|                                                         | Revenues                        | Expenditures          | Revenues                          | Expenditures      | Revenues     | Expenditures        |
| Administrative Support Services                         | \$ 4,568,594                    | \$ 4,830,166          | \$ -                              | \$ -              | \$ 4,568,594 | \$ 4,830,166        |
| Vehicle/Equipment Replacement                           | -                               | -                     | 1,121,415                         | 645,668           | 1,121,415    | 645,668             |
| Total revenues and expenditures<br>(budgetary basis)    | 4,568,594                       | 4,830,166             | 1,121,415                         | 645,668           | 5,690,009    | 5,475,834           |
| Adjustments                                             |                                 |                       |                                   |                   |              |                     |
| Depreciation                                            | -                               | 16,223                | -                                 | 418,700           | -            | 434,923             |
| Expenditures capitalized                                | -                               | (27,456)              | -                                 | (469,630)         | -            | (497,086)           |
| Change in compensated absences                          | -                               | 16,002                | -                                 | -                 | -            | 16,002              |
| Change in other postemployment benefit<br>related items | -                               | 12,291                | -                                 | -                 | -            | 12,291              |
| Change in pension related items                         | -                               | 1,038,258             | -                                 | -                 | -            | 1,038,258           |
| Payment of capital lease principal                      | -                               | -                     | -                                 | (66,488)          | -            | (66,488)            |
| Gain (loss) on sale of capital assets                   | 10                              | -                     | 34,632                            | -                 | 34,642       | -                   |
| Total revenues and expenses<br>(accrual basis)          | 4,568,604                       | 5,885,484             | 1,156,047                         | 528,250           | 5,724,651    | 6,413,734           |
| Net income before transfers                             |                                 | <u>\$ (1,316,880)</u> |                                   | <u>\$ 627,797</u> |              | <u>\$ (689,083)</u> |

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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, 2018

|                    | Balances  |            |            | Balances  |  |
|--------------------|-----------|------------|------------|-----------|--|
| <u>ASSETS</u>      | 7/1/2017  | Additions  | Deductions | 6/30/2018 |  |
| Cash               | \$ 74,046 | \$ 4,168   | \$ 6,480   | \$ 71,734 |  |
|                    |           |            |            |           |  |
| <u>LIABILITIES</u> |           |            |            |           |  |
| Accounts payable   | \$ 7,502  | \$ 100,538 | \$ 100,972 | \$ 7,068  |  |
| Due to others      | 66,544    | -          | 1,878      | 64,666    |  |
| Total liabilities  | \$ 74,046 | \$ 100,538 | \$ 102,850 | \$ 71,734 |  |

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### **Other Financial Schedules**

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

**City of Newberg, Oregon**

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

For the Year Ended June 30, 2018

| Levy Year     | Taxes<br>Uncollected<br>July 1, 2017 | Levy<br>As Extended<br>By Assessor | Discounts<br>Allowed | Interest<br>Charged | Cancellations<br>and<br>Adjustments | Interest and<br>Tax Collected | Taxes<br>Uncollected<br>June 30, 2018 |
|---------------|--------------------------------------|------------------------------------|----------------------|---------------------|-------------------------------------|-------------------------------|---------------------------------------|
| 2017-18       | \$ -                                 | \$ 8,130,780                       | \$ (209,736)         | \$ 3,067            | \$ (32,662)                         | \$ (7,661,009)                | \$ 230,441                            |
| 2016-17       | 250,593                              | -                                  | 2                    | 5,286               | (3,955)                             | (108,333)                     | 143,593                               |
| 2015-16       | 138,313                              | -                                  | 2                    | 6,823               | (1,251)                             | (61,372)                      | 82,515                                |
| 2014-15       | 89,506                               | -                                  | 4                    | 7,536               | (924)                               | (42,914)                      | 53,208                                |
| 2013-14       | 62,054                               | -                                  | 3                    | 5,307               | (859)                               | (24,867)                      | 41,638                                |
| Prior to 2013 | 140,147                              | -                                  | 2                    | 2,180               | (3,866)                             | (7,923)                       | 130,540                               |
| <b>Totals</b> | <b>\$ 680,613</b>                    | <b>\$ 8,130,780</b>                | <b>\$ (209,723)</b>  | <b>\$ 30,198</b>    | <b>\$ (43,517)</b>                  | <b>\$ (7,906,417)</b>         | <b>\$ 681,934</b>                     |

| Fund          | Revenue             |                   |                     | Receivable<br>June 30, 2018 |
|---------------|---------------------|-------------------|---------------------|-----------------------------|
|               | Current Levy        | Prior Years       | Total               |                             |
| General       | \$ 7,661,009        | \$ 237,705        | \$ 7,898,714        | \$ 663,748                  |
| Debt Service  | -                   | 7,703             | 7,703               | 18,186                      |
| <b>Totals</b> | <b>\$ 7,661,009</b> | <b>\$ 245,408</b> | <b>\$ 7,906,417</b> | <b>\$ 681,934</b>           |

# City of Newberg, Oregon

## OUTSTANDING OBLIGATIONS

June 30, 2018

| Class and Series                                    | Dated<br>Date | Maturity<br>Date | Amount of<br>Original Issue | Outstanding          |
|-----------------------------------------------------|---------------|------------------|-----------------------------|----------------------|
| <b>Full Faith and Credit Obligations</b>            |               |                  |                             |                      |
| Limited Tax Pension Bonds                           | 5/27/04       | 6/1/28           | \$ 2,720,000                | \$ 2,175,000         |
| ODOT-OTIB Loan*                                     | 7/1/13        | 1/25/36          | 2,211,200                   | 1,420,682            |
| 2015 Refunding Bonds**                              | 6/29/15       | 12/1/25          | 11,616,270                  | 7,376,834            |
| 2018 Communications Upgrade Financing Agreement     | 3/29/18       | 6/1/28           | 3,197,301                   | 3,197,301            |
| Total Full Faith and Credit Obligations             |               |                  | <u>19,744,771</u>           | <u>14,169,817</u>    |
| <b>Revenue Obligations</b>                          |               |                  |                             |                      |
| Notes Payable, Public Works, Business Oregon**      | 5/31/07       | 12/1/28          | 8,525,632                   | 5,503,919            |
| Notes Payable, Public Works, U.S. Bank              | 7/7/09        | 4/1/19           | 1,930,000                   | 193,000              |
| Clean Water State Revolving Loan, Public Works, DEQ | 2/14/11***    | 4/1/36           | 24,810,545                  | 22,126,683           |
| Total Revenue Obligations                           |               |                  | <u>35,266,177</u>           | <u>27,823,602</u>    |
| <b>Capital Leases</b>                               |               |                  |                             |                      |
| MDT                                                 | 7/29/14       | 7/15/18          | 77,928                      | 15,988               |
| Total Capital Leases                                |               |                  | <u>77,928</u>               | <u>15,988</u>        |
| <b>Total Outstanding Obligations</b>                |               |                  | <u>\$ 55,088,876</u>        | <u>\$ 42,009,407</u> |

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

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

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

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## ***STATISTICAL SECTION***

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## **STATISTICAL SECTION**

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

| <b>Contents</b>                                                                                                                                                                                                    | <b>Page</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends                                                                                                                                                                                                   |             |
| These schedules contain trend information to help the reader understand how financial performance has changed over time.                                                                                           | 142         |
| Revenue Capacity                                                                                                                                                                                                   |             |
| These schedules contain information to help the reader assess the City's most significant local revenue source, which is property taxes.                                                                           | 152         |
| Debt Capacity                                                                                                                                                                                                      |             |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                    | 157         |
| Demographic and Economic Information                                                                                                                                                                               |             |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                                   | 163         |
| Operating Information                                                                                                                                                                                              |             |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | 165         |

# City of Newberg, Oregon

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(Accrual basis of accounting)

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

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

# City of Newberg, Oregon

## CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual basis of accounting )

| Expenses                                        | Fiscal Year          |                      |                      |                      |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| Governmental activities:                        |                      |                      |                      |                      |                      |
| General government                              | \$ 331,085           | \$ 361,813           | \$ 417,234           | \$ 411,536           | \$ 436,083           |
| Public safety                                   | 8,710,044            | 9,086,595            | 9,683,875            | 9,871,835            | 10,152,102           |
| Library                                         | 1,205,124            | 1,183,292            | 1,186,342            | 1,183,478            | 1,174,400            |
| Community development                           | 4,529,013            | 4,085,772            | 3,608,329            | 3,324,353            | 3,297,494            |
| Interest on long-term debt                      | 430,164              | 404,098              | 378,151              | 353,888              | 341,909              |
| Total governmental activities expenses          | <u>15,205,430</u>    | <u>15,121,570</u>    | <u>15,273,931</u>    | <u>15,145,090</u>    | <u>15,401,988</u>    |
| Business-type activities:                       |                      |                      |                      |                      |                      |
| Water                                           | 4,744,738            | 4,739,890            | 4,707,573            | 4,742,088            | 4,329,778            |
| Wastewater                                      | 4,388,208            | 5,682,979            | 5,294,525            | 5,150,703            | 5,269,139            |
| Stormwater                                      | 865,427              | 952,843              | 912,775              | 896,620              | 1,100,967            |
| EMS                                             | 1,254,774            | 1,270,558            | 1,359,094            | 1,345,821            | 1,381,016            |
| Total business-type activities expenses         | <u>11,253,147</u>    | <u>12,646,270</u>    | <u>12,273,967</u>    | <u>12,135,232</u>    | <u>12,080,900</u>    |
| Total government expenses                       | <u>\$ 26,458,577</u> | <u>\$ 27,767,840</u> | <u>\$ 27,547,898</u> | <u>\$ 27,280,322</u> | <u>\$ 27,482,888</u> |
| <b>Program Revenues</b>                         |                      |                      |                      |                      |                      |
| Governmental activities:                        |                      |                      |                      |                      |                      |
| Charges for services:                           |                      |                      |                      |                      |                      |
| General government                              | \$ 203,234           | \$ 197,832           | \$ 203,527           | \$ 184,110           | \$ 204,820           |
| Public safety                                   | 1,635,102            | 1,885,978            | 1,927,700            | 1,880,349            | 1,858,515            |
| Library                                         | 109,555              | 110,247              | 121,091              | 104,548              | 109,537              |
| Community development                           | 1,353,248            | 891,764              | 909,194              | 1,258,592            | 1,334,617            |
| Operating grants and contributions              | 1,015,120            | 1,025,250            | 1,225,730            | 1,247,155            | 1,258,935            |
| Capital grants and contributions                | 1,596,081            | 92,765               | 1,515,682            | 778,224              | 777,117              |
| Total governmental activities program revenues  | <u>5,912,340</u>     | <u>4,203,836</u>     | <u>5,902,924</u>     | <u>5,452,978</u>     | <u>5,543,541</u>     |
| Business-type activities:                       |                      |                      |                      |                      |                      |
| Charges for services:                           |                      |                      |                      |                      |                      |
| Water                                           | 4,041,065            | 3,981,095            | 4,271,320            | 4,628,754            | 4,744,342            |
| Wastewater                                      | 4,018,207            | 4,784,182            | 5,718,881            | 6,541,498            | 6,590,995            |
| Stormwater                                      | 527,617              | 575,295              | 673,550              | 776,785              | 866,371              |
| EMS                                             | 1,233,055            | 1,155,323            | 1,211,671            | 1,291,679            | 1,447,325            |
| Operating grants and contributions              | -                    | -                    | -                    | -                    | -                    |
| Capital grants and contributions                | 1,732,206            | 1,031,100            | 920,964              | 761,804              | 1,336,257            |
| Total business-type activities program revenues | <u>11,552,150</u>    | <u>11,526,995</u>    | <u>12,796,386</u>    | <u>14,000,520</u>    | <u>14,985,290</u>    |
| Total government program revenues               | <u>\$ 17,464,490</u> | <u>\$ 15,730,831</u> | <u>\$ 18,699,310</u> | <u>\$ 19,453,498</u> | <u>\$ 20,528,831</u> |

Continued on page 145

| Fiscal Year          |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
| \$ 499,907           | \$ 422,183           | \$ 632,904           | \$ 614,756           | \$ 456,661           |
| 10,863,373           | 9,155,182            | 14,665,091           | 13,566,131           | 14,122,328           |
| 1,190,740            | 1,196,717            | 1,418,213            | 1,641,950            | 1,880,375            |
| 3,891,844            | 3,698,872            | 4,956,971            | 4,637,468            | 5,605,823            |
| 83,029               | 234,723              | 232,287              | 220,534              | 190,013              |
| <u>16,528,893</u>    | <u>14,707,677</u>    | <u>21,905,466</u>    | <u>20,680,839</u>    | <u>22,255,200</u>    |
| 4,375,856            | 4,179,182            | 4,519,569            | 4,764,433            | 5,091,557            |
| 5,380,122            | 5,616,297            | 6,189,926            | 8,118,983            | 9,015,163            |
| 1,033,464            | 1,121,214            | 1,823,882            | 1,999,951            | 1,474,100            |
| 1,512,335            | 1,533,734            | 2,327,754            | 896,225              | 305,867              |
| <u>12,301,777</u>    | <u>12,450,427</u>    | <u>14,861,131</u>    | <u>15,779,592</u>    | <u>15,886,687</u>    |
| <u>\$ 28,830,670</u> | <u>\$ 27,158,104</u> | <u>\$ 36,766,597</u> | <u>\$ 36,460,431</u> | <u>\$ 38,141,887</u> |
| \$ 372,919           | \$ 1,000,426         | \$ 1,069,564         | \$ 1,097,664         | \$ 1,164,740         |
| 2,025,314            | 2,078,460            | 2,107,389            | 1,984,542            | 2,036,208            |
| 106,931              | 153,649              | 106,993              | 125,236              | 114,132              |
| 1,329,636            | 1,890,405            | 1,903,759            | 2,094,345            | 3,282,887            |
| 1,602,797            | 1,522,076            | 1,597,758            | 1,654,806            | 1,807,470            |
| 770,008              | -                    | 206,672              | 1,117,673            | 3,549,009            |
| <u>6,207,605</u>     | <u>6,645,016</u>     | <u>6,992,135</u>     | <u>8,074,266</u>     | <u>11,954,446</u>    |
| 5,024,743            | 6,055,711            | 5,456,414            | 5,393,100            | 6,005,357            |
| 6,809,455            | 8,593,486            | 7,367,995            | 7,724,042            | 8,165,355            |
| 1,098,072            | 1,186,699            | 1,292,069            | 1,464,203            | 1,545,965            |
| 1,599,863            | 1,960,321            | 2,225,533            | 354,158              | 26,618               |
| -                    | -                    | -                    | -                    | -                    |
| 1,097,561            | 1,833,719            | 1,082,540            | 2,285,508            | 4,296,733            |
| <u>15,629,694</u>    | <u>19,629,936</u>    | <u>17,424,551</u>    | <u>17,221,011</u>    | <u>20,040,028</u>    |
| <u>\$ 21,837,299</u> | <u>\$ 26,274,952</u> | <u>\$ 24,416,686</u> | <u>\$ 25,295,277</u> | <u>\$ 31,994,474</u> |

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# City of Newberg, Oregon

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years  
(Accrual basis of accounting)

|                                                    | Fiscal Year           |                        |                       |                       |                       |
|----------------------------------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
|                                                    | 2009                  | 2010                   | 2011                  | 2012                  | 2013                  |
| Net (Expense)/Revenue                              |                       |                        |                       |                       |                       |
| Governmental activities                            | \$ (9,293,090)        | \$ (10,917,734)        | \$ (9,371,007)        | \$ (9,692,112)        | \$ (9,858,447)        |
| Business-type activities                           | 299,003               | (1,119,275)            | 522,419               | 1,865,288             | 2,904,390             |
| Total government net (expense)/revenue             | <u>\$ (8,994,087)</u> | <u>\$ (12,037,009)</u> | <u>\$ (8,848,588)</u> | <u>\$ (7,826,824)</u> | <u>\$ (6,954,057)</u> |
| General Revenues and Other Changes in Net Position |                       |                        |                       |                       |                       |
| Governmental activities                            |                       |                        |                       |                       |                       |
| Taxes                                              |                       |                        |                       |                       |                       |
| Property taxes                                     | \$ 5,868,949          | \$ 5,868,949           | \$ 6,671,777          | \$ 6,855,630          | \$ 6,949,123          |
| Franchise and public service taxes                 | 2,691,385             | 2,691,385              | 2,889,224             | 3,119,051             | 2,325,471             |
| Interest and investment earnings                   | 225,064               | 225,064                | 45,373                | 45,339                | 53,407                |
| Other revenues                                     | 65,961                | 65,961                 | 38,653                | 175,632               | 45,486                |
| Contingency loss                                   | -                     | -                      | -                     | -                     | -                     |
| Transfers                                          | 10,023                | 10,023                 | 3,361                 | (79,112)              | (21,078)              |
| Total governmental activities                      | <u>8,861,382</u>      | <u>8,861,382</u>       | <u>9,648,388</u>      | <u>10,116,540</u>     | <u>9,352,409</u>      |
| Business-type activities:                          |                       |                        |                       |                       |                       |
| Interest and investment earnings                   | 307,681               | 307,681                | 58,772                | 67,729                | 92,954                |
| Other revenues                                     | 12,971                | 12,971                 | 5,000                 | 35,205                | 4,022                 |
| Special items                                      | -                     | -                      | -                     | -                     | -                     |
| Transfers                                          | (10,023)              | (10,023)               | (3,361)               | 79,112                | 21,078                |
| Total business-type activities                     | <u>310,629</u>        | <u>310,629</u>         | <u>60,411</u>         | <u>182,046</u>        | <u>118,054</u>        |
| Total primary government                           | <u>\$ 9,172,011</u>   | <u>\$ 9,172,011</u>    | <u>\$ 9,708,799</u>   | <u>\$ 10,298,586</u>  | <u>\$ 9,470,463</u>   |
| Change in Net Position                             |                       |                        |                       |                       |                       |
| Governmental activities                            | \$ (431,708)          | \$ (2,056,352)         | \$ 277,381            | \$ 424,428            | \$ (506,038)          |
| Business-type activities                           | 609,632               | (808,646)              | 582,830               | 2,047,334             | 3,022,444             |
| Total primary government                           | <u>\$ 177,924</u>     | <u>\$ (2,864,998)</u>  | <u>\$ 860,211</u>     | <u>\$ 2,471,762</u>   | <u>\$ 2,516,406</u>   |

Continued on page 147

| Fiscal Year           |                      |                        |                        |                       |
|-----------------------|----------------------|------------------------|------------------------|-----------------------|
| 2014                  | 2015                 | 2016                   | 2017                   | 2018                  |
| \$ (10,321,288)       | \$ (8,062,661)       | \$ (14,913,331)        | \$ (12,606,573)        | \$ (10,300,754)       |
| 3,327,917             | 7,179,509            | 2,563,420              | 1,441,419              | 4,153,341             |
| <u>\$ (6,993,371)</u> | <u>\$ (883,152)</u>  | <u>\$ (12,349,911)</u> | <u>\$ (11,165,154)</u> | <u>\$ (6,147,413)</u> |
|                       |                      |                        |                        |                       |
| \$ 7,018,803          | \$ 7,426,611         | \$ 7,629,811           | \$ 7,654,999           | \$ 7,873,043          |
| 3,285,287             | 2,994,336            | 3,400,088              | 3,625,530              | 3,997,659             |
| 59,666                | 53,041               | 73,928                 | 127,580                | 257,864               |
| 31,831                | 21,498               | 43,168                 | 27,251                 | 15,620                |
| -                     | -                    | -                      | -                      | (446,000)             |
| (22,853)              | (227,840)            | (2,458)                | 298,564                | 337,773               |
| <u>10,372,734</u>     | <u>10,267,646</u>    | <u>11,144,537</u>      | <u>11,733,924</u>      | <u>12,035,959</u>     |
|                       |                      |                        |                        |                       |
| 106,089               | 115,218              | 167,226                | 288,095                | 464,392               |
| 65,818                | (79,234)             | 3,990                  | (18,960)               | 2,909                 |
| -                     | -                    | -                      | -                      | 788,650               |
| 22,853                | 227,840              | 2,458                  | (298,564)              | (337,773)             |
| <u>194,760</u>        | <u>263,824</u>       | <u>173,674</u>         | <u>(29,429)</u>        | <u>918,178</u>        |
| <u>\$ 10,567,494</u>  | <u>\$ 10,531,470</u> | <u>\$ 11,318,211</u>   | <u>\$ 11,704,495</u>   | <u>\$ 12,954,137</u>  |
|                       |                      |                        |                        |                       |
| \$ 51,446             | \$ 2,204,985         | \$ (3,768,794)         | \$ (872,649)           | \$ 1,735,205          |
| 3,522,677             | 7,443,333            | 2,737,094              | 1,411,990              | 5,071,519             |
| <u>\$ 3,574,123</u>   | <u>\$ 9,648,318</u>  | <u>\$ (1,031,700)</u>  | <u>\$ 539,341</u>      | <u>\$ 6,806,724</u>   |

## City of Newberg, Oregon

### FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified accrual basis of accounting )

|                                    | Fiscal Year         |                     |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 2009                | 2010                | 2011                | 2012                | 2013                |
| General Fund                       |                     |                     |                     |                     |                     |
| Unreserved                         | \$ 3,137,138        | \$ 2,778,800        | \$ -                | \$ -                | \$ -                |
| Committed                          | -                   | -                   | -                   | -                   | -                   |
| Unassigned                         | -                   | -                   | 2,503,809           | 2,674,367           | 2,835,743           |
| Total General Fund                 | <u>\$ 3,137,138</u> | <u>\$ 2,778,800</u> | <u>\$ 2,503,809</u> | <u>\$ 2,674,367</u> | <u>\$ 2,835,743</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |
| Reserved                           | \$ 2,510,970        | \$ 2,368,927        | \$ -                | \$ -                | \$ -                |
| Unreserved, reported in:           |                     |                     |                     |                     |                     |
| Special revenue funds              | 3,137,138           | 2,839,521           | -                   | -                   | -                   |
| Capital project funds              | 3,218,015           | 416,968             | -                   | -                   | -                   |
| Debt service funds                 | 447,201             | -                   | -                   | -                   | -                   |
| Nonspendable                       | -                   | -                   | 49,468              | 61,362              | 57,729              |
| Restricted                         | -                   | -                   | 4,453,982           | 3,932,838           | 4,258,474           |
| Committed                          | -                   | -                   | 762,978             | 687,274             | 684,930             |
| Assigned                           | -                   | -                   | 806,601             | 766,877             | 717,296             |
| Total all other governmental funds | <u>\$ 9,313,324</u> | <u>\$ 5,625,416</u> | <u>\$ 6,073,029</u> | <u>\$ 5,448,351</u> | <u>\$ 5,718,429</u> |

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

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

# City of Newberg, Oregon

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Modified accrual basis of accounting)

| Revenues                                                | Fiscal Year         |                     |                   |
|---------------------------------------------------------|---------------------|---------------------|-------------------|
|                                                         | 2009                | 2010                | 2011              |
| Property taxes                                          | \$ 5,771,564        | \$ 6,116,052        | \$ 6,629,781      |
| Other taxes                                             | 1,540,473           | 1,785,188           | 1,735,291         |
| Licenses and permits                                    | 1,035,880           | 438,833             | 376,568           |
| Fees                                                    | 262,592             | 448,378             | 475,736           |
| Intergovernmental                                       | 3,710,471           | 2,889,274           | 3,209,095         |
| Charges for services                                    | 515,779             | 507,505             | 637,049           |
| Fines and forfeitures                                   | 718,032             | 702,616             | 685,684           |
| Facilities charge                                       | 111,584             | 112,910             | 119,546           |
| Pension bond charge                                     | 172,510             | 182,172             | 186,189           |
| Assessments                                             | 95,898              | 66,251              | 131,627           |
| Donations                                               | 167,242             | 67,347              | 529,588           |
| Interest                                                | 177,690             | 47,415              | 31,170            |
| Miscellaneous                                           | 24,702              | 26,686              | 7,899             |
| Total revenues                                          | <u>14,304,417</u>   | <u>13,390,627</u>   | <u>14,755,223</u> |
| <b>Expenditures</b>                                     |                     |                     |                   |
| General Government                                      | 258,720             | 269,939             | 323,249           |
| Public safety                                           | 8,626,587           | 9,102,481           | 9,494,385         |
| Library                                                 | 1,160,795           | 1,128,967           | 1,136,938         |
| Community development                                   | 3,006,150           | 2,532,012           | 2,267,846         |
| Capital outlay                                          | 405,319             | 467,193             | 512,627           |
| Debt service:                                           |                     |                     |                   |
| Principal                                               | 810,000             | 445,000             | 475,000           |
| Interest                                                | 424,862             | 398,504             | 375,917           |
| Total expenditures                                      | <u>14,692,433</u>   | <u>14,344,096</u>   | <u>14,585,962</u> |
| Excess of revenues over expenditures                    | <u>\$ (388,016)</u> | <u>\$ (953,469)</u> | <u>\$ 169,261</u> |
| <b>Other Financing Sources (Uses)</b>                   |                     |                     |                   |
| Bond Proceeds                                           | \$ -                | \$ -                | \$ -              |
| Payment to bond excrow agent                            | -                   | -                   | -                 |
| Lease Proceeds                                          | -                   | -                   | -                 |
| Developer contribution proceeds                         | -                   | -                   | -                 |
| Proceeds from sale of assets                            | 11,929              | -                   | -                 |
| Contingency loss                                        | -                   | -                   | -                 |
| Transfers in                                            | 474,013             | 592,145             | 456,409           |
| Transfers out                                           | (463,990)           | (547,784)           | (453,048)         |
| Total other financing sources (uses)                    | <u>21,952</u>       | <u>44,361</u>       | <u>3,361</u>      |
| Net Change in Fund Balances                             | <u>\$ (366,064)</u> | <u>\$ (909,108)</u> | <u>\$ 172,622</u> |
| Debt service as a percentage of noncapital expenditures | <u>8.60%</u>        | <u>6.21%</u>        | <u>6.62%</u>      |



| Fiscal Year  |              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         |
| \$ 6,814,277 | \$ 6,933,299 | \$ 7,004,018 | \$ 7,376,480 | \$ 7,628,659 | \$ 7,708,562 | \$ 7,871,722 |
| 1,844,391    | 1,869,556    | 1,945,717    | 2,704,418    | 3,112,765    | 3,722,487    | 4,109,401    |
| 843,466      | 916,400      | 603,080      | 1,404,062    | 1,498,722    | 1,652,558    | 2,101,984    |
| 514,986      | 517,118      | 508,004      | -            | -            | -            | -            |
| 3,982,000    | 3,810,606    | 4,711,331    | 2,575,355    | 2,679,966    | 3,791,599    | 3,380,635    |
| 533,780      | 572,701      | 535,075      | 1,849,380    | 1,860,647    | 1,174,546    | 4,092,233    |
| 623,455      | 614,150      | 725,889      | 685,679      | 605,215      | 615,698      | 593,431      |
| 120,498      | 118,936      | 119,336      | 119,460      | 116,863      | 117,543      | 119,492      |
| 194,890      | 203,052      | 210,645      | 222,499      | 228,612      | 238,995      | 248,417      |
| 5,439        | 8,905        | 6,183        | 5,967        | 76,174       | 66,305       | 5,105        |
| 53,530       | 325,352      | 119,537      | 27,269       | 44,468       | 39,597       | 36,033       |
| 32,300       | 40,357       | 42,343       | 36,913       | 53,865       | 95,986       | 203,913      |
| 23,419       | 23,532       | 27,840       | 34,358       | 30,583       | 32,557       | 20,166       |
| 15,586,431   | 15,953,964   | 16,558,998   | 17,041,840   | 17,936,539   | 19,256,433   | 22,782,532   |
| 330,951      | 338,828      | 399,921      | 378,822      | 356,689      | 361,938      | 353,034      |
| 9,494,447    | 9,133,580    | 10,337,832   | 10,775,424   | 11,233,236   | 11,916,380   | 12,560,978   |
| 1,268,749    | 1,357,655    | 1,247,750    | 1,209,602    | 1,323,251    | 1,566,849    | 1,791,783    |
| 1,868,672    | 1,930,845    | 2,214,119    | 2,054,285    | 2,276,773    | 2,717,196    | 2,824,441    |
| 2,543,631    | 2,456,050    | 2,225,042    | 578,717      | 761,896      | 1,593,837    | 3,584,865    |
| 510,000      | 540,000      | 580,000      | 625,000      | 702,572      | 622,066      | 453,590      |
| 351,313      | 324,593      | 295,870      | 264,332      | 207,432      | 207,930      | 190,743      |
| 16,367,763   | 16,081,551   | 17,300,534   | 15,886,182   | 16,861,849   | 18,986,196   | 21,759,434   |
| \$ (781,332) | \$ (127,587) | \$ (741,536) | \$ 1,155,658 | \$ 1,074,690 | \$ 270,237   | \$ 1,023,098 |
| \$ -         | \$ -         | \$ -         | \$ 1,152,111 | \$ -         | \$ -         | \$ 3,197,301 |
| -            | -            | -            | (1,144,658)  | -            | -            | -            |
| -            | 619,407      | 32,748       | -            | -            | -            | -            |
| -            | -            | -            | -            | -            | -            | 342,750      |
| -            | 712          | 322          | 2,529        | 10,167       | 20,188       | 1,250        |
| -            | -            | -            | -            | -            | -            | (446,000)    |
| 1,339,655    | 242,567      | 1,165,617    | 720,687      | 1,499,445    | 2,517,297    | 4,098,023    |
| (1,012,443)  | (303,645)    | (1,188,470)  | (714,939)    | (1,514,226)  | (2,210,971)  | (3,801,151)  |
| 327,212      | 559,041      | 10,217       | 15,730       | (4,614)      | 326,514      | 3,392,173    |
| \$ (454,120) | \$ 431,454   | \$ (731,319) | \$ 1,171,388 | \$ 1,070,076 | \$ 596,751   | \$ 4,415,271 |
| 6.04%        | 5.69%        | 5.70%        | 5.90%        | 5.68%        | 4.67%        | 3.35%        |

# 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 |
|-------------|------------------|-------------------|------------------|------------------------------|-----------------------|-----------------------------------|---------------------------------------|
| 2009        | \$ 1,196,243,394 | \$ 44,117,744     | \$ 31,560,500    | \$ 1,271,921,638             | \$4.6971              | \$ 2,239,316,374                  | 56.80%                                |
| 2010        | 1,270,463,103    | 45,435,953        | 48,310,950       | 1,364,210,006                | 4.6942                | 2,187,831,882                     | 62.35%                                |
| 2011        | 1,345,572,085    | 47,136,128        | 49,215,300       | 1,441,923,513                | 4.6947                | 2,193,902,961                     | 65.72%                                |
| 2012        | 1,339,662,755    | 43,510,458        | 58,750,300       | 1,479,778,703                | 4.6699                | 1,956,379,200                     | 75.64%                                |
| 2013        | 1,434,318,187    | 43,595,375        | 51,552,400       | 1,529,465,962                | 4.6605                | 1,912,302,698                     | 79.98%                                |
| 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%                                |

Information from the Yamhill County Assessment and Taxation Department

## City of Newberg, Oregon

### PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

| <b>2017-18</b>                |                              | <b>Taxable</b>                | <b>% of City</b>                          |
|-------------------------------|------------------------------|-------------------------------|-------------------------------------------|
| <b>Taxpayer</b>               | <b>Type of Business</b>      | <b>Assessed<br/>Valuation</b> | <b>Taxable Assessed<br/>Valuation (a)</b> |
| Adec, Inc.                    | Dental Equipment             | \$ 27,719,814                 | 1.49%                                     |
| Allison Inn & Spa LLC         | Hotel/Hospitality Services   | 26,892,935                    | 1.45%                                     |
| K&J Real Estate LLC           | Real Estate                  | 20,016,332                    | 1.08%                                     |
| Fred Meyer Stores Inc.        | Retail, Mixed                | 17,194,939                    | 0.93%                                     |
| Friendsview Manor             | Retirement Community         | 15,265,843                    | 0.82%                                     |
| Comcast Corporation           | Telecommunications Utility   | 15,225,500                    | 0.82%                                     |
| Aspen Way West LLC            | Land Development/Hospitality | 14,655,818                    | 0.79%                                     |
| Portland General Electric Co. | Electric Utility             | 13,757,000                    | 0.74%                                     |
| Allison Properties LLC        | Land Development/Hospitality | 12,196,928                    | 0.66%                                     |
| Springbrook Investment LLC    | Land Development/Hospitality | 11,818,576                    | 0.64%                                     |
| <b>TOTAL</b>                  |                              | <b>\$ 174,743,685</b>         | <b>9.42%</b>                              |

| <b>2008-09</b>                  |                            | <b>Taxable</b>                | <b>% of City</b>                          |
|---------------------------------|----------------------------|-------------------------------|-------------------------------------------|
| <b>Taxpayer</b>                 | <b>Type of Business</b>    | <b>Assessed<br/>Valuation</b> | <b>Taxable Assessed<br/>Valuation (b)</b> |
| George K. Jr and Joan D. Austin | Land Development           | \$ 37,958,533                 | 2.98%                                     |
| Portland General Electric Co.   | Electric Utility           | 13,548,000                    | 1.07%                                     |
| Fred Meyer                      | Retail, Mixed              | 10,913,648                    | 0.86%                                     |
| Friendsview Manor               | Retirement Residence       | 9,009,932                     | 0.71%                                     |
| Verizon                         | Telecommunications Utility | 8,578,700                     | 0.67%                                     |
| NW Natural Gas                  | Natural Gas Utility        | 8,342,200                     | 0.66%                                     |
| Adec, Inc.                      | Dental Equipment           | 7,882,450                     | 0.62%                                     |
| Chehalem Springs                | Retirement Residence       | 7,724,825                     | 0.61%                                     |
| Ushio Oregon, Inc.              | Halogen lamps for copiers  | 7,452,477                     | 0.59%                                     |
| Astor House                     | Retirement Residence       | 7,283,282                     | 0.57%                                     |
| <b>TOTAL</b>                    |                            | <b>\$ 118,694,047</b>         | <b>9.33%</b>                              |

(a) City of Newberg's 2017-18 assessed valuation was \$1,855,195,227

(b) City of Newberg's 2008-09 assessed/market valuation was \$1,271,921,638

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<br>Ending<br>June 30, | Direct Rate     |           |           | Overlapping Rates |               |        |           |
|-----------------------------------|-----------------|-----------|-----------|-------------------|---------------|--------|-----------|
|                                   | City of Newberg |           |           | County            | Park District |        |           |
|                                   | Operating       | Debt      | Total     | Operating         | Operating     | Debt   | Total     |
| 2009                              | \$ 4.3827       | \$ 0.3144 | \$ 4.6971 | \$ 2.5775         | \$ 0.9076     | \$ -   | \$ 0.9076 |
| 2010                              | 4.3827          | 0.3115    | 4.6942    | 2.5775            | 0.9076        | -      | 0.9076    |
| 2011                              | 4.3827          | 0.3120    | 4.6947    | 2.5775            | 0.9076        | -      | 0.9076    |
| 2012                              | 4.3827          | 0.2872    | 4.6699    | 2.5775            | 0.9076        | -      | 0.9076    |
| 2013                              | 4.3827          | 0.2778    | 4.6605    | 2.5775            | 0.9076        | -      | 0.9076    |
| 2014                              | 4.3827          | 0.2748    | 4.6575    | 2.5775            | 0.9076        | -      | 0.9076    |
| 2015                              | 4.3827          | 0.2611    | 4.6438    | 2.5775            | 0.9076        | -      | 0.9076    |
| 2016                              | 4.3827          | 0.2505    | 4.6332    | 2.5775            | 0.9076        | 0.4190 | 1.3266    |
| 2017                              | 4.3827          | -         | 4.3827    | 2.5775            | 0.9076        | 0.4202 | 1.3278    |
| 2018                              | 4.3827          | -         | 4.3827    | 2.5775            | 0.9076        | 0.4132 | 1.3208    |

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

Source: Yamhill County Assessor

| School District |           |           | Other<br>Districts | Total<br>Direct &<br>Overlapping<br>Rates |
|-----------------|-----------|-----------|--------------------|-------------------------------------------|
| Operating       | Debt      | Total     | Total              |                                           |
| \$ 4.6616       | \$ 3.6400 | \$ 8.3016 | \$ 0.8801          | \$ 17.3639                                |
| 4.6616          | 3.5787    | 8.2403    | 1.0095             | 17.4291                                   |
| 4.6616          | 3.6674    | 8.3290    | 1.0129             | 17.5217                                   |
| 4.6616          | 2.7937    | 7.4553    | 0.9751             | 16.5854                                   |
| 4.6616          | 2.7784    | 7.4400    | 1.0421             | 16.6277                                   |
| 4.6616          | 2.7621    | 7.4237    | 1.1112             | 16.6775                                   |
| 4.6616          | 2.8462    | 7.5078    | 1.0992             | 16.7359                                   |
| 4.6616          | 3.2568    | 7.9184    | 0.9625             | 17.4182                                   |
| 4.6616          | 3.2139    | 7.8755    | 1.0555             | 17.2190                                   |
| 4.6616          | 3.1420    | 7.8036    | 0.9820             | 17.0666                                   |

## City of Newberg, Oregon

### PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

| Fiscal Year<br>Ending<br>June 30, | Total<br>Tax Levy | Collected within<br>the Fiscal Year<br>of the Levy |                       | Collected in<br>Subsequent<br>Years | Amount       | Percentage<br>of Levy |
|-----------------------------------|-------------------|----------------------------------------------------|-----------------------|-------------------------------------|--------------|-----------------------|
|                                   |                   | Amount*                                            | Percentage<br>of Levy |                                     |              |                       |
| 2009                              | \$ 6,024,153      | \$ 5,731,671                                       | 95.14%                | \$ 271,572                          | \$ 6,003,243 | 99.65%                |
| 2010                              | 6,404,370         | 6,074,648                                          | 94.85%                | 292,029                             | 6,366,677    | 99.41%                |
| 2011                              | 6,811,289         | 6,469,505                                          | 94.98%                | 274,360                             | 6,743,865    | 99.01%                |
| 2012                              | 7,023,545         | 6,710,741                                          | 95.55%                | 270,825                             | 6,981,566    | 99.40%                |
| 2013                              | 7,128,492         | 6,797,684                                          | 95.36%                | 275,211                             | 7,072,895    | 99.22%                |
| 2014                              | 7,172,276         | 6,940,323                                          | 96.77%                | 181,119                             | 7,121,442    | 99.29%                |
| 2015                              | 7,589,743         | 7,280,650                                          | 95.93%                | 244,204                             | 7,524,854    | 99.15%                |
| 2016                              | 7,864,660         | 7,585,511                                          | 96.45%                | 181,674                             | 7,767,185    | 98.76%                |
| 2017                              | 7,857,109         | 7,606,516                                          | 96.81%                | 100,679                             | 7,707,195    | 98.09%                |
| 2018                              | 8,130,756         | 7,900,339                                          | 97.17%                | -                                   | 7,900,339    | 97.17%                |

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<br>Ending<br>June 30, | Population (1) | Assessed<br>Value (2) | General Bonded Debt Outstanding        |                                  |                                           |                      | Total      | Percentage<br>of Assessed<br>Value | Per<br>Capita |
|-----------------------------------|----------------|-----------------------|----------------------------------------|----------------------------------|-------------------------------------------|----------------------|------------|------------------------------------|---------------|
|                                   |                |                       | Net General<br>Obligation<br>Bonds (3) | Certificates of<br>Participation | Full Faith<br>& Credit<br>Obligations (4) | Limited<br>Tax Bonds |            |                                    |               |
| 2009                              | 22,645         | 1,271,921,638         | 2,378,181                              | 2,075,000                        | -                                         | 2,710,000            | 7,163,181  | 0.56                               | 316.33        |
| 2010                              | 23,150         | 1,364,210,006         | 2,094,776                              | 1,930,000                        | -                                         | 2,690,000            | 6,714,776  | 0.49                               | 290.06        |
| 2011                              | 22,110         | 1,441,923,513         | 1,763,384                              | 1,780,000                        | -                                         | 2,665,000            | 6,208,384  | 0.43                               | 280.80        |
| 2012                              | 22,230         | 1,479,778,703         | 1,437,241                              | 1,620,000                        | -                                         | 2,630,000            | 5,687,241  | 0.38                               | 255.84        |
| 2013                              | 22,300         | 1,529,465,962         | 1,100,684                              | 1,455,000                        | -                                         | 2,585,000            | 5,140,684  | 0.34                               | 230.52        |
| 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         | -                                      | -                                | 7,376,834                                 | 2,175,000            | 9,551,834  | 0.51                               | 406.81        |

(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 \$6,935,299. 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 \$441,535 alone on the chart above would result in 0.14% Percentage of Assessed Value and 111.44 Per Capita. Outstanding total includes unamortized note premium.

## City of Newberg, Oregon

### RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal<br>Year<br>Ended<br>June 30, | Governmental Activities              |                                  |                                           |                                 |           |                   |
|-------------------------------------|--------------------------------------|----------------------------------|-------------------------------------------|---------------------------------|-----------|-------------------|
|                                     | General<br>Obligation<br>Bonded Debt | Certificates of<br>Participation | Full Faith<br>& Credit<br>Obligations (2) | Limited Tax<br>Pension<br>Bonds | Notes     | Capital<br>Leases |
| 2009                                | \$ 2,525,000                         | \$ 2,075,000                     | \$ -                                      | \$ 2,710,000                    | \$ -      | \$ 205,265        |
| 2010                                | 2,245,000                            | 1,930,000                        | -                                         | 2,690,000                       | -         | 161,717           |
| 2011                                | 1,945,000                            | 1,780,000                        | -                                         | 2,665,000                       | -         | 86,692            |
| 2012                                | 1,630,000                            | 1,620,000                        | -                                         | 2,630,000                       | -         | 281,773           |
| 2013                                | 1,300,000                            | 1,455,000                        | -                                         | 2,585,000                       | -         | 408,129           |
| 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            |

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

(2) Total outstanding includes unamortized note premium/discount



| Business-type Activities                  |               |                   |                     |                                            |                      |
|-------------------------------------------|---------------|-------------------|---------------------|--------------------------------------------|----------------------|
| Full Faith<br>& Credit<br>Obligations (2) | Notes (2)     | Capital<br>Leases | Total<br>Government | (1)<br>Percentage<br>of Personal<br>Income | (1)<br>Per<br>Capita |
| \$ -                                      | \$ 23,487,962 | \$ 201            | \$ 31,003,428       | 4.07%                                      | \$ 1,369             |
| -                                         | 24,170,735    | -                 | 31,197,452          | 4.11%                                      | 1,348                |
| -                                         | 22,882,305    | -                 | 29,358,997          | 3.91%                                      | 1,328                |
| -                                         | 22,431,841    | -                 | 28,593,614          | 3.75%                                      | 1,286                |
| -                                         | 26,270,537    | 8,410             | 32,027,076          | 4.13%                                      | 1,436                |
| -                                         | 29,481,516    | 6,519             | 34,591,368          | 4.20%                                      | 1,532                |
| 10,464,160                                | 30,560,788    | 4,494             | 45,844,617          | 5.11%                                      | 2,014                |
| 9,307,873                                 | 30,740,380    | 2,324             | 45,074,687          | 4.92%                                      | 1,968                |
| 8,136,586                                 | 29,435,093    | -                 | 42,151,890          | N/A                                        | 1,796                |
| 6,935,299                                 | 27,823,602    | -                 | 42,009,407          | N/A                                        | 1,789                |

## City of Newberg, Oregon

### LEGAL DEBT MARGIN INFORMATION GENERAL OBLIGATION BONDED DEBT

Last Ten Fiscal Years

|                                                                      | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
|----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Real Market Value                                                    | \$ 2,239,316,374     | \$ 2,187,831,882     | \$ 2,193,902,961     | \$ 1,956,379,200     | \$ 1,912,302,698     |
| Debt Limit (3% real market value)                                    | 67,179,491           | 65,634,956           | 65,817,089           | 58,691,376           | 57,369,081           |
| Debt Applicable to Limit:                                            |                      |                      |                      |                      |                      |
| General Obligation Bonds                                             | 2,525,000            | 2,245,000            | 1,945,000            | 1,630,000            | 1,300,000            |
| Less: Amounts reserved for debt service                              | (146,819)            | (150,224)            | (181,616)            | (192,759)            | (199,316)            |
| Total net debt applicable to limit                                   | 2,378,181            | 2,094,776            | 1,763,384            | 1,437,241            | 1,100,684            |
| Legal debt margin                                                    | <u>\$ 64,801,310</u> | <u>\$ 63,540,180</u> | <u>\$ 64,053,705</u> | <u>\$ 57,254,135</u> | <u>\$ 56,268,397</u> |
| Total net debt applicable to the limit as a percentage of debt limit | <u>3.54%</u>         | <u>3.19%</u>         | <u>2.68%</u>         | <u>2.45%</u>         | <u>1.92%</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

| 2014             | 2015             | 2016             | 2017             | 2018             |
|------------------|------------------|------------------|------------------|------------------|
| \$ 1,929,918,978 | \$ 2,103,273,498 | \$ 2,199,658,073 | \$ 2,380,377,182 | \$ 2,885,994,061 |
| 57,897,569       | 63,098,205       | 65,989,742       | 71,411,315       | 86,579,822       |
| 950,000          | 580,000          | 190,000          | -                | -                |
| (206,903)        | (210,211)        | (216,729)        | (38,270)         | (47,809)         |
| 743,097          | 369,789          | (26,729)         | (38,270)         | (47,809)         |
| \$ 57,154,472    | \$ 62,728,416    | \$ 66,016,471    | \$ 71,449,585    | \$ 86,627,631    |
| 1.28%            | 0.59%            | -0.04%           | -0.05%           | -0.06%           |

## City of Newberg, Oregon

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2018

| <u>Governmental Unit</u>                    | <u>Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable<br/>to City (1)</u> | <u>Amount<br/>Applicable<br/>to City</u> |
|---------------------------------------------|-----------------------------|--------------------------------------------------|------------------------------------------|
| Direct                                      |                             |                                                  |                                          |
| City of Newberg                             | \$ 7,250,506                | 100.00%                                          | \$ 7,250,506                             |
| Less: Funds available for principal payment |                             |                                                  | <u>(47,809)</u>                          |
| City of Newberg net direct debt             |                             |                                                  | <u>7,202,697</u>                         |
| Overlapping                                 |                             |                                                  |                                          |
| Chehalem Park & Recreation                  | 27,760,000                  | 58.84%                                           | 16,333,762                               |
| Portland Community College                  | 461,071,466                 | 1.29%                                            | 5,942,750                                |
| Willamette ESD                              | 9,309,144                   | 5.51%                                            | 512,571                                  |
| Yamhill County                              | 7,608,556                   | 23.69%                                           | 1,802,581                                |
| School District 29J                         | 38,945,220                  | 55.69%                                           | <u>21,689,489</u>                        |
| Total overlapping debt                      |                             |                                                  | <u>46,281,153</u>                        |
| Total direct and overlapping debt           |                             |                                                  | <u>\$ 53,483,850</u>                     |

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

(1) Based upon assessed value of properties

## City of Newberg, Oregon

### DEMOGRAPHIC AND ECONOMIC STATISTICS

#### Last Ten Fiscal Years

| Fiscal Year<br>Ending<br>June 30, | (1)<br>Population | (2)<br>Per<br>Capita<br>Income | (3)<br>Total<br>Personal<br>Income | (4)<br>School<br>Enrollment | (5)<br>Unemployment<br>Rate |
|-----------------------------------|-------------------|--------------------------------|------------------------------------|-----------------------------|-----------------------------|
| 2009                              | 22,645            | \$ 32,894                      | \$ 761,496,100                     | 5,163                       | 12.30%                      |
| 2010                              | 23,150            | 32,768                         | 758,579,200                        | 5,175                       | 10.50%                      |
| 2011                              | 22,110            | 33,980                         | 751,297,800                        | 5,252                       | 9.20%                       |
| 2012                              | 22,230            | 34,330                         | 763,155,900                        | 5,169                       | 8.40%                       |
| 2013                              | 22,300            | 34,751                         | 774,947,300                        | 5,155                       | 7.60%                       |
| 2014                              | 22,580            | 36,488                         | 823,899,040                        | 5,130                       | 6.40%                       |
| 2015                              | 22,765            | 39,391                         | 896,736,115                        | 5,066                       | 5.50%                       |
| 2016                              | 22,900            | 39,974                         | 915,404,600                        | 5,104                       | 4.80%                       |
| 2017                              | 23,465            | NA                             | NA                                 | 5,106                       | 3.80%                       |
| 2018                              | 23,480            | NA                             | NA                                 | 5,010                       | 3.50%                       |

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

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

- There is no available data on per capita income and total personal income for 2017 or 2018.
- Estimated data was revised in November 2014. Per Capita income is prepared on a calendar year.
- Per capita income from 2012-2014 uses the revised numbers using different methodological procedures.
- Prior year 2012 used data that was not revised.

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

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

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

(4) Newberg School District

(5) State of Oregon, Employment Division,

<https://www.qualityinfo.org/ed-uesti/?at=1&t1=4104000071~unemprate~y~2000~2018>

(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

|                                      | 2018             |      |                                           | 2009             |      |                                           |
|--------------------------------------|------------------|------|-------------------------------------------|------------------|------|-------------------------------------------|
|                                      | (1)<br>Employees | Rank | Percentage<br>of Total City<br>Employment | (3)<br>Employees | Rank | Percentage<br>of Total City<br>Employment |
| A-dec                                | 1000             | 1    | 10.70%                                    | 960              | 1    | 9.80%                                     |
| George Fox University (4)            | 650              | 2    | 6.96%                                     | 412              | 4    | 4.21%                                     |
| Newberg Public Schools (4)           | 600              | 3    | 6.42%                                     | 601              | 2    | 6.14%                                     |
| Providence Newberg Hospital (4)      | 500              | 4    | 5.35%                                     | 525              | 3    | 5.36%                                     |
| Fred Meyer (4)                       | 360              | 5    | 3.85%                                     | 236              | 6    | 2.41%                                     |
| A-dec Global                         | 240              | 6    | 2.57%                                     |                  |      |                                           |
| Allison Inn & Spa                    | 235              | 7    | 2.52%                                     |                  |      |                                           |
| Friendsview Retirement Community (4) | 160              | 8    | 1.66%                                     | 150              | 9    | 1.53%                                     |
| City of Newberg                      | 155              | 9    | 1.71%                                     | 190              | 7    | 1.94%                                     |
| Dental Components LLC                | 111              | 10   | 1.66%                                     |                  |      |                                           |
| Climax Portable Machine Tools        |                  |      |                                           | 134              | 10   | 1.37%                                     |
| SP Newsprint Co.                     |                  |      |                                           | 255              | 5    | 2.60%                                     |
| Suntron                              |                  |      |                                           | 185              | 8    | 1.89%                                     |
| Total Employment 2017 (2)            | <u>9,343</u>     |      | <u>43.40%</u>                             | <u>9,796</u>     |      | <u>37.24%</u>                             |

(1) City of Newberg Business License Section - Doug Rux - 503 537-1212 - Doug.Rux@newbergoregon.gov

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

Total Employment: 2017 Oregon Employment Department Statistics, Place Name Data for "Newberg, Oregon"

(3) Newberg Area Chamber of Commerce Business & Community Directory 2009-10, City of Newberg Finance Dept, & Newberg School District

(4) Newberg Area Chamber of Commerce - 2018-19 Chehalem Valley Directory

## City of Newberg, Oregon

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

Last Ten Fiscal Years

|                                | Full-time Equivalent Employees<br>as of June 30 |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--------------------------------|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                | 2009                                            | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
| <b><u>Function/Program</u></b> |                                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government             | 19.80                                           | 19.30                | 18.30                | 16.50                | 15.80                | 20.40                | 21.70                | 21.98                | 25.26                | 24.26                |
| Public safety                  | 67.96                                           | 70.76                | 70.76                | 69.12                | 69.12                | 68.52                | 66.88                | 66.88                | 50.75                | 49.75 *              |
| Library                        | 13.14                                           | 13.36                | 12.14                | 11.64                | 11.34                | 11.34                | 11.94                | 11.94                | 12.44                | 12.44                |
| Community development          | 22.23                                           | 18.73                | 16.51                | 13.55                | 13.2                 | 11.08                | 11.6                 | 12.11                | 14.77                | 16.53                |
| Water                          | 18.88                                           | 18.88                | 19.44                | 18.72                | 13.63                | 12.96                | 13.21                | 13.61                | 13.90                | 14.00                |
| Wastewater                     | 17.61                                           | 17.61                | 17.40                | 17.44                | 16.13                | 16.96                | 18.21                | 17.86                | 18.61                | 20.26                |
| Stormwater                     | 4.68                                            | 4.68                 | 5.41                 | 4.54                 | 6.0                  | 5.38                 | 6.04                 | 6.66                 | 6.59                 | 7.09                 |
| Emergency medical services     | 6.60                                            | 6.60                 | 6.60                 | 7.24                 | 7.24                 | 7.24                 | 8.88                 | 8.88                 | 0.00                 | 0.00 *               |
| <b>TOTAL</b>                   | <b><u>170.90</u></b>                            | <b><u>169.92</u></b> | <b><u>166.56</u></b> | <b><u>158.75</u></b> | <b><u>152.46</u></b> | <b><u>153.88</u></b> | <b><u>158.46</u></b> | <b><u>159.92</u></b> | <b><u>142.32</u></b> | <b><u>144.33</u></b> |

Source: City of Newberg Finance Department - Budgets

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

# City of Newberg, Oregon

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| <b>Function/Program</b>                     | Fiscal Year |         |         |         |         |         |         |         |         |         |
|---------------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                             | 2009        | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    |
| General government                          |             |         |         |         |         |         |         |         |         |         |
| Number of Council resolutions               | 61          | 51      | 49      | 51      | 42      | 96      | 38      | 106     | 62      | 74      |
| Public safety                               |             |         |         |         |         |         |         |         |         |         |
| Number of adult arrests                     | 1,252       | 1,458   | 1,459   | 1,016   | 1,017   | 962     | 770     | 846     | 1,066   | 1,255   |
| Number of citations                         | 4,326       | 6,364   | 7,717   | 6,831   | 7,456   | 7,830   | 6,621   | 5,364   | 10,521* | 8272*   |
| Library                                     |             |         |         |         |         |         |         |         |         |         |
| Annual Checkouts                            | 256,689     | 280,202 | 288,555 | 291,071 | 270,974 | 291,850 | 281,064 | 309,147 | 294,412 | 310,638 |
| Reference Questions Answered                | 15,555      | 15,715  | 11,033  | 9,191   | 9,023   | 8,154   | 7,958   | 8,097   | 8,381   | 7,950   |
| Event Attendance                            | 19,638      | 18,065  | 18,324  | 20,285  | 14,648  | 17,288  | 16,998  | 20,126  | 20,830  | 17,371  |
| Community development                       |             |         |         |         |         |         |         |         |         |         |
| Building Inspections                        | 10,646      | 7,922   | 3,925   | 4,038   | 4,998   | 3,867   | 3,827   | 3,585   | 6,354   | 6,816   |
| Building Permits - Residential              |             |         |         |         |         |         |         |         |         |         |
| New Single family                           | 153         | 58      | 25      | 40      | 36      | 44      | 46      | 62      | 63      | 89      |
| Water                                       |             |         |         |         |         |         |         |         |         |         |
| Water-# of accounts                         | 6,318       | 6,471   | 6,529   | 6,585   | 6,594   | 6,712   | 6,715   | 6,814   | 6,841   | 6,959   |
| Water-total gallons treated (millions)      | 968         | 951     | 936     | 939     | 969     | 848     | 912     | 903     | 915     | 964     |
| Wastewater                                  |             |         |         |         |         |         |         |         |         |         |
| Wastewater Total gallons treated (millions) | 1,023       | 1,221   | 1,354   | 1,190   | 1,165   | 1,067   | 1,091   | 1,389   | 1,600   | 1,260   |

Source: Various City of Newberg departments

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



## City of Newberg, Oregon

### CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| <b><u>Function/Program</u></b>                          | <b><u>Fiscal Year</u></b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---------------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                         | <b><u>2009</u></b>        | <b><u>2010</u></b> | <b><u>2011</u></b> | <b><u>2012</u></b> | <b><u>2013</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> |
| Public safety                                           |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Police related vehicles                                 | 24                        | 26                 | 29                 | 29                 | 27                 | 26                 | 26                 | 26                 | 25                 | 26                 |
| Number of fire stations                                 | 2                         | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  | 2                  |
| Library                                                 |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Library building                                        | 1                         | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  |
| Community development                                   |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Miles of road                                           | 70.5                      | 70.8               | 71.9               | 71.9               | 71.9               | 72.0               | 72.0               | 72.0               | 72.0               | 72.9               |
| Water                                                   |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Total water reservoir capacity<br>(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                               | 80.4                      | 80.6               | 80.9               | 81.7               | 81.9               | 81.8               | 81.8               | 81.8               | 82.29              | 84.14              |
| Stormwater                                              |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Miles of storm lines                                    | 64.7                      | 65.9               | 65.9               | 65.9               | 59.3               | 59.6               | 59.6               | 59.6               | 61.32              | 62.72              |

Source: Various City of Newberg departments

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## ***COMPLIANCE SECTION***

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

Members of the City Council  
City of Newberg  
Newberg, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Newberg as of and for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018.

### Compliance

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

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

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

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

**Compliance (continued)**

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

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

| <u>Fund/Category</u> | <u>Appropriation</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------|----------------------|---------------|-----------------|
| General              |                      |               |                 |
| Fire                 | \$ 3,866,703         | \$ 3,876,778  | \$ (10,075)     |
| Public Safety Fee    |                      |               |                 |
| Communications       | 233,235              | 235,334       | (2,099)         |

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

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

**Restriction on Use**

This report is intended solely for the information and use of the council members and management of the City of Newberg and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 21, 2018

By:



Bradley G. Bingenheimer, Member

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

**Order** \_\_\_\_ **Ordinance** \_\_\_\_ **Resolution** \_\_\_\_ **Motion** XX **Information** \_\_\_\_  
**No.** **No.** **No.**

**SUBJECT: To consent to the Mayor's Appointment of one new member for the Riverfront Master Plan Citizens Advisory Committee**

**Contact Person (Preparer) for this Motion: Mayor Rogers**  
**Dept.: Council**

**RECOMMENDATION:** To consent to the Mayor's appointment of a new member to the Riverfront Master Plan Citizens Advisory Committee (CAC), as listed below, for a term beginning February 2019 and ending August 2019.

1) Mr. Casey Kulla is a Yamhill County Commissioner, who began serving his term in January 2019. He will be replacing former Commissioner, Stan Primozich.

## **EXECUTIVE SUMMARY:**

The City of Newberg has been awarded a Transportation Growth Management Grant to update the Riverfront Master Plan. A requirement of the grant is to have a citizen's advisory committee for the project which will provide input and feedback to a consultant and city staff, and a recommendation to the Planning Commission and City Council. It is intended that the Riverfront Master Plan Citizens Advisory Committee (RMPCAC) will meet six times over the course of the project which started in April and will end by August 2019. The first meeting of the RMPCAC was an orientation for the work that will be undertaken over the ensuing 18 months. The second meeting was to review goals and objectives, project scope and schedule, and methods of public participation. The third meeting was to gain feedback on vision and goals, existing conditions, and a market analysis. The fourth meeting was to review alternatives for development concepts. The fifth meeting will be to finalize the preferred alternative and review draft comprehensive plan, zoning and development code amendments, and traffic information. The final meeting is to review the draft Newberg Riverfront Master Plan Update. Two public events took place which the RMPCAC were encouraged to attend. The first was held on August 23, 2018 at Edwards Elementary School, and the second was held on December 8, 2018 at the Public Safety Building.

## **FISCAL IMPACT:**

Not applicable

## **STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

Not applicable

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

|                   |                       |                        |                         |                         |
|-------------------|-----------------------|------------------------|-------------------------|-------------------------|
| <b>Order ____</b> | <b>Ordinance ____</b> | <b>Resolution ____</b> | <b>Motion <u>XX</u></b> | <b>Information ____</b> |
| <b>No.</b>        | <b>No.</b>            | <b>No.</b>             |                         |                         |

**SUBJECT: To consent to the Mayor's Appointment of members to the Housing Needs Assessment Project Advisory Committee**

**Contact Person (Preparer) for this Motion: Mayor Rogers  
Dept.: Council**

**RECOMMENDATION:** To consent to the Mayor's appointment of members to the Housing Needs Assessment Project Advisory Committee as listed below for terms beginning October 2018 and ending June 2019.

- 1) Jack Kriz is an Architect for Mildren Design Group P.C. He is interested in serving as a representative of the design and development community. Jack Kriz will be replacing Rick Rogers who will be serving as an Ex Officio member of the Committee.

## EXECUTIVE SUMMARY:

The City of Newberg has been awarded a grant from the Department of Land Conservation and Development to prepare a Housing Needs Assessment as part of the Department's 2018-19 Oregon Housing Needs Planning Project. A requirement of the grant is to have a Project Advisory Committee for the project which will provide input and feedback to a consultant and city staff, and a recommendation to the Planning Commission and City Council. It is intended that the Housing Needs Assessment Project Advisory Committee (HNAPAC) will meet five times over the course of the project which is anticipated to start in October 2018 and end by June 2019. The first meeting of the HNAPAC will be an orientation for the work that will be undertaken over the ensuing 8 months and to gain feedback on a preliminary Buildable Lands Inventory. The second meeting will be to gain feedback on Housing Needs Projections. The third meeting will be to review the Residential Land Needs Analysis. The fourth and fifth meetings will be to review Measures to Accommodate Needed Housing, or Recommended Measures to Facilitate Housing Affordability. Two public events are also planned which the HNAPAC will be encouraged to attend.

The anticipated first meeting date of the Housing Needs Assessment Project Advisory Committee is anticipated to be in October/November 2018 and will be a noticed public meeting.

## FISCAL IMPACT:

The project is being funded through a grant from the Department of Land Conservation and Development. A supplemental budget will be conducted to recognize the City as the recipient of the grant. The Department of Land Conservation will directly hire the consultant for the project on the City's behalf.

The grant revenue will be recognized in 01-0000-334034 Planning Grants and expenditures in 01-4110-533011 Planning Misc Grants.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017): 230**



GOAL 8: Encourage Affordable Housing. The Housing Needs Assessment project will assist in the City's efforts to address housing issues within the community and housing affordability.

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2018**

|                   |                       |                        |                         |                         |
|-------------------|-----------------------|------------------------|-------------------------|-------------------------|
| <b>Order</b> ____ | <b>Ordinance</b> ____ | <b>Resolution</b> ____ | <b>Motion</b> <u>XX</u> | <b>Information</b> ____ |
| <b>No.</b>        | <b>No.</b>            | <b>No.</b>             |                         |                         |

**SUBJECT: To consent to the Mayor's Appointment of members to the Community Visioning Advisory Committee**

**Contact Person (Preparer) for this Motion: Mayor Rogers  
Dept.: Council**

**RECOMMENDATION:** To consent to the Mayor's appointment of a member to the Community Visioning Advisory Committee as listed below for terms beginning February 2019 and ending June 2019.

- 1) Lynn Montoya Quinn, the Director of Portland Community College, Newberg Center, is an Afternoon Rotary member and volunteer at her church. She would like to bring a social justice lens to the analysis of budget complexities, grant funding and regulatory matters while striving to accurately speak on behalf of the community college student body.

## **EXECUTIVE SUMMARY:**

The Community Visioning Advisory Committee has met on three separate occasions. After the first meeting, a member stepped down. As a result, Lynn Montoya Quinn was invited to apply for membership. She attended the Advisory Committee meeting on January 23, 2019, during which she was generally informed about the project timeline and the project's progress. She has accepted electronic calendar invitations to all of the Advisory Committee meetings.

## **FISCAL IMPACT:**

The project is being funded through the Planning Budget in the General Fund. Specifically, \$23,500 has been budgeted for the Resource Assistance for Rural Environments (RARE) participant through Professional Services. The RARE program provides a small match towards the RARE participant's overall costs. Funds have also been budgeted in Planning for office equipment and costs for community forums.

## **STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

GOAL 12: Compete community visioning process and communication plan to engage Newberg residents.

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

|                           |                               |                                               |                    |                         |
|---------------------------|-------------------------------|-----------------------------------------------|--------------------|-------------------------|
| <b>Order ____<br/>No.</b> | <b>Ordinance ____<br/>No.</b> | <b>Resolution <u>XX</u><br/>No. 2019-3528</b> | <b>Motion ____</b> | <b>Information ____</b> |
|---------------------------|-------------------------------|-----------------------------------------------|--------------------|-------------------------|

**SUBJECT: A resolution to authorize the City Manager to enter into a professional services agreement with Kittelson & Associates, Inc. to design the city's 2019 Pavement Preservation Project in the amount of \$131,855.00.**

**Contact Person (Preparer) for this Motion: Paul Chiu, P.E., Senior Engineer  
Dept.: Public Works Engineering  
File No.:**

## RECOMMENDATION:

Adopt Resolution No. 2019-3528 authorizing the City Manager to enter into a professional services agreement with Kittelson & Associates, Inc. for engineering design, bid, and construction phase services for the City's 2019 Pavement Preservation Project in the amount of \$131,855.00.

## EXECUTIVE SUMMARY:

The City's Public Works Department completed a five-year pavement preservation plan (2018-2022) for City maintained streets last January. Streets recommended for pavement preservation in 2019 are shown in Figure 1 on the following page. Pavement preservation projects and improvements to roadway drainage system for the selected streets requires surveying and engineering design. The Request for Proposals (RFP) for this project was advertised in the Daily Journal of Commerce and on the City's engineering webpage on November 30, 2018.

The City received one qualified proposal from Kittelson & Associates, Inc. This consultant possesses the particular knowledge, expertise and design experience to complete the proposed design project.

Staff entered into negotiations with the consultant per ORS.279C.110. In response, the consultant submitted a detailed proposal with a scope of work and cost breakdown for the city's consideration. Refer to Exhibit "A" that includes the proposed professional services agreement.

Scope of work includes:

- Verification of the types of treatment for pavement preservation;
- Assessment of sidewalk ramps for ADA compliance and upgrade to meet current requirement;
- Topographic survey for development of design plans;
- Preparation of design plans, specifications and estimate for construction bid purposes; and
- Construction phase services.

The crack and slurry seal projects will be designed separately and are not part of this project.

The consultant's proposal is comprehensive and the proposed cost is reasonable because it equals less than 15% of the total project cost.

**Figure 1 – Project Map Showing Recommended Streets  
for Pavement Preservation in 2019 \***



**Recommended Streets:**

1. Fifth Street, from Meridian Street to River Street.
2. Sixth Street, from River Street to Columbia Street.
3. Brutscher Street, from Hayes Street to Highway 99W (Portland Road).
4. Foothills Drive, from N. College Street to Aldersgate Drive.
5. Second Street, from Parkview Drive to Everest Road.
6. Third Street, from Church Street to Everest Road.
7. Church Street, from First Street to Third Street.
8. Meridian Street, from Pinehurst Drive to Crestview Drive.
9. Fifth Street, from Dayton Avenue to Blaine Street.

**Additional Recommended Streets:**

10. Third Street, from Highway 99W to Grant Street.
11. Third Street, from College Street to Chehalem Street.
12. Fourth Street, from College Street to River Street.
13. Hancock Street, from Sitka Street to Elliott Road.
14. Sitka Street, from Highway 219 to Hancock Street.
15. Center Street, from Henry Road to Edgewood Drive.

\* Note: Selection of streets may change based on estimated construction costs and do not include streets for separate crack & slurry seal projects.

**FISCAL IMPACT:**

The available (remaining) budget for design in this fiscal year (from Gas Tax funds and Transportation Utility Fee revenue) is \$139,000.00. This project will span fiscal years. The Engineering phase will start in fiscal year 2018-2019 and construction will occur in fiscal year 2019-2020. The consultant will complete all phases of this project for \$131,855.00 as outlined in the attached Exhibit “A”.

**STRATEGIC ASSESSMENT:**

The Council Priorities adopted in September 2017 state, “Goal 2: Repair and maintain City’s streets and sidewalks and secure funding.” To meet this goal, the City of Newberg Public Works Department completed a process to identify selected streets for pavement preservation and restoration projects from 2018 through 2022.

The approval of this engineering design phase contract for the proposed 2019 project will allow for the development of construction plans and specifications for the proposed project for construction bid pricing in May 2019. The project is part of the City’s continuous effort to effectively preserve and maintain pavement for the City owned roadway system, to increase mobility, comfort, safety and livability for everyone that works, lives and visits the city.



## **RESOLUTION No. 2019-3528**

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**A resolution to authorize the City Manager to enter into a professional services agreement with Kittelson & Associates, Inc. to design the city's 2019 Pavement Preservation Project**

---

### **RECITALS:**

1. The City of Newberg completed a pavement preservation plan for City maintained streets for the next five years (2018 through 2022) and identified streets for pavement preservation projects.
2. The 2019 pavement preservation project is approved for capital improvement expenditures in the 2018-19 fiscal year budget and the construction will be included in the proposed expenditures in the fiscal year 2019-20 budget.
3. The City advertised the project in the Daily Journal of Commerce and on the City's engineering webpage on November 30, 2018, and received one qualified proposal through the Request for Proposals process per ORS. 279C.110.
4. Kittelson & Associates, Inc. submitted a detailed proposal outlining the scope of work with a reasonable phase-by-phase cost breakdown for \$131,855.00 included in the proposed professional services agreement, which is attached as Exhibit "A" and by this reference incorporated.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Council, acting as contract review board for the City, does hereby authorize the City Manager to enter into a Professional Services Agreement with Kittelson & Associates, Inc. to complete the City's Pavement Preservation Project that includes design survey, engineering design, bid and construction phase services in the amount of \$131,855.00.
2. The City Attorney will modify and approve all contracts and agreements as to form and content.
3. The City Manager is authorized to amend the Professional Services Agreement up to ten (10) percent of the original contract amount.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 5, 2019.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 4<sup>th</sup> day of February, 2019.

---

Sue Ryan, City Recorder

**ATTEST** by the Mayor this 7<sup>th</sup> day of February, 2019.

---

Rick Rogers, Mayor



## AGREEMENT WITH KITTELSON & ASSOCIATES, INC. TO PROVIDE CONSULTING SERVICES TO THE CITY OF NEWBERG

THIS AGREEMENT is entered into this \_\_\_\_\_ day of February, 2019 by and between the City of Newberg, a municipal corporation of the State of Oregon, hereinafter called **City**, and

Kittelson & Associates, Inc.  
851 SW Sixth Avenue, Suite 600  
Portland, OR 97204  
Phone: 503.535.7488  
Fax: 503.273.8169  
Email: [dhippenstiel@kittelson.com](mailto:dhippenstiel@kittelson.com)

hereinafter called **Consultant**.

### RECITALS:

1. **City** has need for the services of a **Consultant** to complete the City's **2019 Pavement Preservation Project** that includes surveying, engineering design, bid and construction phase services.
2. By authority of ORS 279C.110, and through the Request for Proposals (RFP) process, **City** received one (1) qualified proposal for the city's project. The **Consultant** that possesses the required training, ability, knowledge, expertise and experience for the Project was approved by the City Council on [February 4, 2019](#) per [Resolution No. 2019-3528](#).

**NOW THEREFORE**, in consideration of mutual promises, covenants and agreements of the parties, it is agreed as follows:

1. **Effective Date and Duration:** This Agreement shall become effective on the date that this Agreement has been signed by every party hereto.

Unless, terminated or extended, this Agreement shall expire when the **City** accepts **Consultant's** completed performance or on [January 31, 2020](#), whichever date occurs first. This fact notwithstanding, the services of **Consultant** shall be authorized and paid on a task by task basis as described in Exhibit "A".

Expiration shall not extinguish or prejudice **City's** right to enforce this Agreement with respect to any breach of a **Consultant** warranty or any fault or defect in **Consultant's** performance that has not been cured.

2. **Termination:** This Agreement may be terminated at any time by mutual, written consent of the parties. The **City** may, at its sole discretion terminate this Agreement in whole or part upon a 30-day written notice to **Consultant**. The **City** may terminate immediately upon notice to the **Consultant** that the **City** does not have funding, appropriations, or other necessary expenditure authority to pay for **Consultant's** work. The **City** may terminate Agreement at any time for material breach, unless

**Consultant** has cured such defect or deficiency within a reasonable period of time following notice of such claim.

3. **Scope of Work:** The **Consultant** agrees to provide the services provided in the Scope of Work, which is Exhibit "A" and is attached hereto and incorporated by this reference. The **Consultant** represents and warrants to the **City** that the **Consultant** can perform the work outlined in the Scope of Work for the fee proposal amount.

4. **Compensation:** The **Consultant** agrees to perform the work for a not-to-exceed fee as indicated in their professional fee proposal included in the Scope of Work. The not-to-exceed figure is as follows:

**\$131,855.00**

The **Consultant** shall not exceed the fee for any task included in the fee proposal amount. If the **Consultant** foresees that the fee is going to exceed the not-to-exceed figure because the task has changed or is outside the scope, the **Consultant** shall notify the **City** in writing of the circumstances with an estimated amount that the fee is to be exceeded. The **Consultant** shall obtain written permission from the **City** before exceeding the not-to-exceed fee amount. If the

**Consultant** does work that exceeds the maximum fee amount prior to obtaining the written permission, the **Consultant** waives any right to collect that fee amount.

5. **Additional Work Not Shown within the Scope of Work:** If **City** requests or requires work to be done not within the Scope of Work of this project, the **Consultant** shall notify the **City** of such work, provide an estimated fee amount, and obtain written instructions to proceed with work in the form of an Agreement amendment prior to proceeding with work and incurring any costs on behalf of the **City**. If **Consultant** proceeds with work prior to obtaining permission and/or Agreement amendment, the **Consultant** waives any right to collect fees for work performed.

6. **Agreement Documents:** This Agreement consists of the following documents which are listed in descending order of preference: This Agreement, and Attached Exhibits. Work is under the sole control of **Consultant**; however, the work contemplated herein must meet the approval of the **City** and shall be subject to **City's** general right of inspection and supervision to secure the satisfactory performance thereof.

7. **Benefits:** **Consultant** will not be eligible for any federal social security, state workers compensation, unemployment insurance, or public employees' retirement system benefits from the Agreement payment except as a self-employed individual.

8. **Federal Employment Status:** In the event any payment made pursuant to this Agreement is to be charged against federal funds, **Consultant** certifies that he or she is not currently employed by the federal government and the amount charged does not exceed his or her normal charge for the type of services provided.

9. **Consultant's Warranties:** The work to be performed by **Consultant** includes services generally performed by **Consultant** in his/her usual line of business. The work performed by the **Consultant** under this Agreement shall be performed in a good and businesses-like manner in accordance with the generally accepted professional standards. The **Consultant** shall, at all times, during the term of this Agreement, be qualified, be professionally competent, and duly licensed to perform the work.

10. **Indemnity:** **Consultant** shall defend, indemnify and hold harmless **City** from and against all liability or loss and against all claims, suits, actions, losses, damages, liabilities, costs, and reasonable expenses of any nature whatsoever to the extent caused by the negligent acts, errors, omissions, or performance of services of the **Consultant**, or its officers, employees, subcontractors, or agents under this Agreement. **Consultant** shall have no duty to defend the **City** in litigation or any legal proceedings but shall reimburse the **City** for reasonable legal fees and cost the **City** incurs if the **City** is obligated to pay damages because of the negligence of the **Consultant**.

11. **Independent Contractor:** **Consultant** is not currently employed by the **City**. The parties to this Agreement intend that the **Consultant** perform all work as an Independent Contractor. No agent, employee, or servant of **Consultant** shall be or shall be deemed to be the employee, agent or servant of **City**. **City** is interested only in the results obtained under this Agreement; the manner and means of conducting the work are under the sole control of **Consultant**, however, the work contemplated herein must meet the approval of the **City** and shall be subject to **City's** general right of inspection and supervision to secure the satisfactory performance thereof.

12. **Taxes:** **Consultant** will be responsible for any federal or state taxes applicable to payments received under this Agreement. **City** will report the total of all payments to **Consultant**, including any expenses, in accordance with the Federal Internal Revenue Service and the State of Oregon Department of Revenue regulations.

13. **Insurance:**

a) **Consultant**, its Subconsultants, if any, and all employers working under this agreement are subject employers under the Oregon Workers Compensation Law and shall comply with ORS 656.017, which requires them to provide workers compensation coverage for all their subject workers; or by signing this Agreement, **Consultant** represents that he or she is a sole proprietor and is exempt from the laws requiring workers compensation coverage.

b) **Consultant** will, at all times, carry a Commercial General Liability insurance policy for at least \$1,000,000.00 combined single limits per occurrence for Bodily Injury, Property Damage, and Personal Injury. If the policy is written on the new occurrence form then the aggregate limit shall be \$2,000,000.00. The **City**, its agents, employees and officials all while acting within their official capacity as such, shall be named as an additional insured on the insurance specified in this paragraph.

c) **Consultant** will, at all times, carry a Professional Liability/Errors and Omission type policy with limits of at least \$1,000,000.00. If this policy is a "claims made" type policy, the policy type and company shall be approved by the City Manager prior to commencement of any work under this Agreement.

d) **Consultant** shall furnish the **City** with Certificates of Insurance upon execution of Agreement. Such Certificates of Insurance evidencing any policies required by this Agreement shall be delivered to the **City** prior to the commencement of any work. A 30-day notice of cancellation clause shall be included in said certificate. The **City** has the right to reject any certificate for unacceptable coverage and/or companies.

14. **Assignment:** The parties hereto each bind themselves, their partners, successors, assigns and legal representatives of such other party in respect to all terms of this Agreement. Neither party shall assign the Agreement as a whole without written consent of the other.



15. **Ownership of Work Product:** All original documents prepared by **Consultant** in performance of this Agreement, including but not limited to original maps, plans, drawings and specifications are the property of **City** unless otherwise agreed in writing. Quality reproducible records copies of final work product, including digital files of text and drawings shall be provided to **City** at the conclusion or termination of this Agreement. **City** shall indemnify and hold harmless **Consultant** and **Consultant's** independent professional associates or Subconsultants from all claims, damages, losses and expenses including attorney fees arising out of the **City's** use of any instruments of professional service for purposes outside the scope of this Agreement.

16. **Entire Agreement:** This Agreement constitutes

the entire Agreement between the parties and supersedes all prior agreements, written and oral, courses of dealing, or other understanding between the parties. No modification of this Agreement shall be binding unless in writing and signed by both parties.

17. **Notification:** All correspondence and notices related to this Agreement shall be directed to the project manager for the party to whom the correspondence or notice is intended. If directed to the **City**: City of Newberg, P.O. Box 970, Newberg, Oregon 97132, **Attn: Paul Chiu, P.E., Project Manager**. If directed to the **Consultant: Kittelson & Associates, Inc. Attn: Darren Hippenstiel, P.E., Project Manager** at the address listed above. Each party shall be responsible for notifying the other of any changes in project manager designation.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the date first above mentioned.

**CONSULTANT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF NEWBERG**

By: \_\_\_\_\_

*By Authority of Resolution No. 2019-3528*

Name: Joe Hannan

Title: City Manager

Date: \_\_\_\_\_

*Engineering Division Approval:*

\_\_\_\_\_  
Kaaren L. Hofmann Date  
City Engineer

*Department Approval:*

\_\_\_\_\_  
James (Jay) O. Harris Date  
Public Works Director

*Approved as to Form and Content:*

\_\_\_\_\_  
Truman A. Stone Date  
City Attorney

**EXHIBIT A FOR PROFESSIONAL SERVICES AGREEMENT WITH KITTELSON & ASSOCIATES, INC.**

Project Name: 2019 Pavement Preservation  
Project Manager: Darren Hippenstiel  
KAI Project Number: 23620  
Date: Jan 04, 2019

| LABOR ESTIMATE - 2019 Pavement Preservation |       |                                                    |             |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    |           |          |
|---------------------------------------------|-------|----------------------------------------------------|-------------|---------------------|-------------------|------------|---------------|------------------|-------------|-----------------|-----------|---------------|------------------|------------------|---------------|--------------------|-----------|----------|
| Task                                        | Staff | Notes                                              | Blom, Terry | Wippenstiel, Darren | Kraspke, Jeremiah | Cox, Chels | Goldman, Brad | Survey Principal | Survey Tech | 20' Survey Crew | Principal | Subconsultant | Senior Proj Asst | Senior Proj Asst | Support Staff | SUBTASK/ TASK COST |           |          |
| 001 Project Management                      |       | 1.0 Project Management, Contract Administration    | 10          |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               | \$2,000            |           |          |
|                                             |       | 1.1 Project Management, Contract Administration    | 22          |                     | 12                |            |               |                  |             |                 |           |               |                  |                  |               | \$6,140            |           |          |
|                                             |       | 1.2 Project Coordination & Meetings                |             |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               | \$0                |           |          |
|                                             |       | Reimbursable Expense                               | 0           | 32                  | 12                | 0          | 0             | 0                | 0           | 0               | 0         | 0             | 0                | 0                | 0             | 0                  | \$8,140   |          |
| 002 Field Investigations                    |       | 2.1 ADA Assessment                                 | 1           |                     | 10                | 16         |               |                  |             |                 |           |               |                  |                  |               | \$3,765            |           |          |
|                                             |       | Reimbursable Expense                               | 0           |                     | 0                 | 0          | 0             | 0                | 0           | 0               | 0         | 0             | 0                | 0                | 0             | \$0                |           |          |
|                                             |       | 2.2 Topographic Survey                             | 1           | 0                   | 10                | 16         | 0             | 0                | 0           | 0               | 0         | 0             | 0                | 0                | 0             | 0                  | \$3,765   |          |
|                                             |       | Reimbursable Expense                               | 0           | 0                   | 0                 | 0          | 0             | 0                | 0           | 0               | 0         | 0             | 0                | 0                | 0             | 0                  | \$0       |          |
| 002 Field Investigations - CES/INW          |       | 2.2 Topographic Survey                             |             |                     |                   |            |               | 8                | 50          | 90              | 202       |               |                  |                  |               | \$46,960           |           |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               | \$0                |           |          |
|                                             |       | Subconsultant Task #002 - Subtotal                 | 0           | 0                   | 0                 | 0          | 0             | 0                | 8           | 50              | 90        | 202           | 0                | 0                | 0             | 0                  | \$46,960  |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$0       |          |
| 002 Field Investigations - GeoDesign        |       | 2.3 Pavement Treatment Review                      |             |                     |                   |            |               |                  |             |                 | 2         | 36            | 24               | 3                | 4             | 1                  | \$11,338  |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               | 0                  | \$0       |          |
|                                             |       | Subconsultant Task #002 - Subtotal                 | 0           | 0                   | 0                 | 0          | 0             | 0                | 0           | 0               | 0         | 2             | 36               | 24               | 3             | 4                  | 1         | \$11,338 |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | 0         | \$0      |
| 003 Preliminary & Final Design              |       | 3.1 Preliminary Design                             | 2           | 7                   | 24                | 30         |               |                  |             |                 |           |               |                  |                  |               |                    | \$9,250   |          |
|                                             |       | 3.2 Utility Coordination                           |             |                     | 6                 | 12         |               |                  |             |                 |           |               |                  |                  |               |                    | \$2,430   |          |
|                                             |       | 3.3 Final Design Plans, Specifications, & Estimate | 8           | 12                  | 30                | 108        | 60            |                  |             |                 |           |               |                  |                  |               |                    | \$30,170  |          |
|                                             |       | 3.4 Construction Management                        |             |                     | 4                 | 8          |               |                  |             |                 |           |               |                  |                  |               |                    | \$1,040   |          |
|                                             |       | 3.5 Water Truck Testing (Contingent)               |             |                     | 1                 | 4          |               |                  |             |                 |           |               |                  |                  |               |                    | \$1,040   |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$0       |          |
|                                             |       | Task #003 - Subtotal                               | 10          | 20                  | 64                | 166        | 60            | 0                | 0           | 0               | 0         | 0             | 0                | 0                | 0             | 0                  | \$44,710  |          |
| 004 Construction Support                    |       | 4.1 Construction Engineering Support               | 4           | 8                   | 20                |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$5,420   |          |
|                                             |       | 4.2 As-Built Plans                                 |             |                     | 6                 |            | 12            |                  |             |                 |           |               |                  |                  |               |                    | \$2,370   |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$0       |          |
|                                             |       | Task #004 - Subtotal                               | 4           | 8                   | 26                | 0          | 12            | 0                | 0           | 0               | 0         | 0             | 0                | 0                | 0             | 0                  | \$7,810   |          |
| 004 Construction Support - GeoDesign        |       | 4.1 Construction Engineering Support               |             |                     |                   |            |               |                  |             |                 |           | 10            |                  |                  |               |                    | \$1,970   |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$0       |          |
|                                             |       | Subconsultant Task #004 - Subtotal                 | 0           | 0                   | 0                 | 0          | 0             | 0                | 0           | 0               | 0         | 0             | 10               | 0                | 0             | 0                  | \$80      |          |
|                                             |       | Reimbursable Expense                               | 0           |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$0       |          |
| TOTAL HOURS                                 |       |                                                    | 15          | 60                  | 112               | 162        | 72            | 0                | 90          | 202             | 0         | 2             | 46               | 24               | 3             | 4                  |           |          |
| LABOR RATE                                  |       |                                                    | \$295.00    | \$200.00            | \$145.00          | \$130.00   | \$175.00      | \$180.00         | \$80.00     | \$120.00        | \$209.00  | \$197.00      | \$95.00          | \$91.00          | \$70.00       |                    |           |          |
| LABOR COST                                  |       |                                                    | \$3,495     | \$17,000            | \$16,240          | \$23,660   | \$9,000       | \$1,440          | \$8,000     | \$7,200         | \$418     | \$8,786       | \$3,240          | \$364            | \$85          | \$70               | \$124,653 |          |
| TOTAL REIMBURSABLES                         |       |                                                    |             |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$7,222   |          |
| TOTAL KAI FEES                              |       |                                                    |             |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$64,425  |          |
| TOTAL SUB FEES                              |       |                                                    |             |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    | \$67,430  |          |
| TOTAL PROJECT BUDGET (w/ Contingencies)     |       |                                                    |             |                     |                   |            |               |                  |             |                 |           |               |                  |                  |               |                    |           |          |

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

**Order \_\_\_\_ Ordinance \_\_\_\_ Resolution XX Motion \_\_\_\_ Information \_\_\_\_**  
**No. No. No. 2019-3535**

**SUBJECT: A Resolution Ratifying a Change Order for \$10,923 to the contract between Washington County Consolidated Communications Agency (WCCCA ) and Sabre Industries relating to the City of Newberg's piece of the Emergency Communications System Upgrade Project**

**Contact Person (Preparer) for this Motion: Matt Zook**  
**Dept.: Finance**  
**File No.:**

**RECOMMENDATION:** Approve Resolution 2019-3535.

## **EXECUTIVE SUMMARY:**

The Emergency Communication System Upgrade Project was approved on September 18, 2017 via Resolution 2017-3391, and the Memorandum of Understanding (MOU) calls for procurement exceeding \$50,000 to be approved by the City Council. The contract between WCCCA and Sabre Industries to provide the communications tower and accessories for an amount not to exceed \$105,000 was ratified by the City Council on May 7, 2018 via Resolution 2018-3475.

A project change order was submitted by Sabre Industries in the amount of \$10,923.00. The change order is in excess of the original contracted price quote of \$105,000, approved by City Council. This change order is due to the following: (1) cost increase for structural loading for antennas to be used by Newberg's Public Works Maintenance Division for a fixed based water meter radio read system (60% \$6,553.80); and (2) adjustments for additional microwave dishes, and increased steel and shipping costs since original contract signing on May 7, 2018 (40%, \$4369.20).

To avoid a delay in ordering the tower as part of a larger WCN purchase, purchase order No. 19-101 was issued in the amount of \$10,923.00. Ensuring complete transparency in the process, this change order is submitted for ratification by the Newberg City Council.

## **FISCAL IMPACT:**

The change order is for \$10,923 (attached as Exhibit A to the Resolution). 60% (\$6553.80) of the change order will be charged equally between the Water, Wastewater, and Stormwater funds. 40% (\$4,369.20) of the change order would be charged to the Emergency Communications System Upgrade Project.

## **STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM 2017-2018):**

Maintain a state-of-the-art 911 dispatch center and 800 MHz radio communications system.



## ***RESOLUTION No. 2019-3535***

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**A RESOLUTION RATIFYING A CHANGE ORDER TO THE CONTRACT  
BETWEEN WASHINGTON COUNTY CONSOLIDATED  
COMMUNICATIONS AGENCY (WCCCA) AND SABRE INDUSTRIES IN  
CONJUNCTION WITH THE EMERGENCY COMMUNICATIONS SYSTEM  
UPGRADE PROJECT**

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### **RECITALS:**

1. The City of Newberg approved a Memorandum of Agreement (MOU) with Washington County Consolidated Communications Agency (WCCCA) pertaining to the Emergency Communications System Upgrade Project on September 18, 2017 via Resolution 2017-3391.
2. As part of the project management provided by WCCCA, existing contracts previously entered into by WCCCA with various contractors may require modification to incorporate the City of Newberg's portion of the project. In addition, WCCCA also negotiates new contracts on behalf of the City.
3. WCCCA and Sabre Industries entered into Contract Amendment 1.0 on or about February 22, 2018, adding the Newberg Public Works tower to the underlying contract, for an amount not to exceed \$105,000.
4. The City Council ratified Contract Amendment 1.0 between Sabre Industries and WCCCA as it pertains to the inclusion of the City of Newberg's portion of the overall Emergency Communications System Upgrade Project in the amount not to exceed \$105,000 on May 7, 2018 via Resolution 2018-3475.
5. Under the terms of the MOU, and in compliance with Newberg's public contracting regulations, the City Council must review and approve contracts exceeding \$50,000.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. To ratify change order 1.0 between Sabre Industries and Washington County Consolidated Communications Agency (WCCCA) as it pertains to the inclusion of the City of Newberg's portion of the overall Emergency Communications System Upgrade Project in the amount not to exceed \$10,923, a copy of which is attached as Exhibit A and incorporated by this reference.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 5, 2019.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 4<sup>th</sup> day of February, 2019.

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Sue Ryan, City Recorder

**ATTEST** by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Rick Rogers, Mayor

# ***REQUEST FOR COUNCIL ACTION***

**DATE ACTION REQUESTED: February 4, 2019**

**Order \_\_\_      Ordinance \_\_\_      Resolution \_\_\_      Motion \_\_\_      Information XX**  
**No.                      No.                      No.**

**SUBJECT: Annual Report of the Newberg Cultural District Board**

**Contact Person (Preparer) for this  
Item: Leah Griffith  
Dept.: Newberg Cultural District Board Chair  
and Library representative to the NCD Board  
File No.:**

## **RECOMMENDATION:**

Receive the annual report of the Newberg Cultural District Executive Board and provide input if desired.

## **EXECUTIVE SUMMARY:**

The Inter Governmental Agreement between the City of Newberg and Chehalem Park and Recreation District in 2013 formed the Newberg Cultural District and established the Newberg Cultural District Executive Board to oversee the activities and development of the Cultural District. The IGA requires an annual report be made to the City Council and the CPRD Board in the first quarter of the calendar year.

## **FISCAL IMPACT:**

None

## **STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM MARCH 2016):**

It is part of the Council priorities to receive this update annually.

# Newberg Cultural District

## Annual Report for 2018



Presented to:

Chehalem Park & Recreation District Board | Newberg City Council  
Winter, 2019

Newberg Cultural District



## Newberg Cultural District





An Intergovernmental Agreement (IGA) between the City of Newberg and the Chehallem Park & Recreation District was signed in 2013 and will be updated in 2019. It established the Newberg Cultural District and delegated to the NCD Executive Board the management of the District.

# The Newberg Cultural District Executive Board 2018

City of Newberg Representative: Elise Yarnell Hollamon  
(Appointed in October, 2018)

Neighborhood Representative: Teresa Arnold, vice chair  
(Elected by neighbors in October, 2018)

Chehalem Cultural Center: Sean Andries, chair

Chehalem Park & Recreation: Don Clements

Newberg Public Library: Leah Griffith, secretary

*Meetings for 2019:  
1<sup>st</sup> Tuesday of January, March, June, & October at  
5:30 pm, at the Chehalem Cultural Center*



The NCD Board is charged with managing the public **outside** areas of the

## Newberg Cultural District

It does not regulate indoor uses of the  
Newberg Public Library or the  
Chehalem Cultural Center, however  
activities within those establishments may  
impact District activities

# The NCD Board:

- Develops rules of operation
- Reserves events (currently delegated to the CCC staff)
- Approves design elements, including street furniture, signage, murals and other elements that define the district
- Coordinates with the City and CPRD for maintenance and construction activities

# What did the NCD Board do in 2018?

- Reserved space for a variety of events

*Tunes on Tuesday*

*Camellia Festival*

*Lavender Festival*

*Public Works Day*

*Oktoberfest*

*Library Events*

*Summer Lunch Program*

*Christmas Tree Lighting*





# Tunes on Tuesday



# Lavender Festival





# Camellia Festival



# Public Works Day



# Library Summer Reading Programs



# Christmas Tree Lighting





# What did the NCD Board do in 2018?

- Held Regular Meetings: Public and Noticed

January  
February -- Annual Meeting  
April  
May  
July  
August  
September  
October-Summer Recap meeting  
November



# What did the NCD Board do in 2018?

- 4th Year Neighborhood Parking Signs for Tunes on Tuesday



- 8 residents requested signs (2017-9, 2016-8, 2015-7)
- Positive Responses
- No other significant parking complaints

# What did the NCD Board do in 2018?

- Working with Early Bird Rotary on shade structure for Splash Pad
- Updated Parking Management Plan was used with new staff at CCC

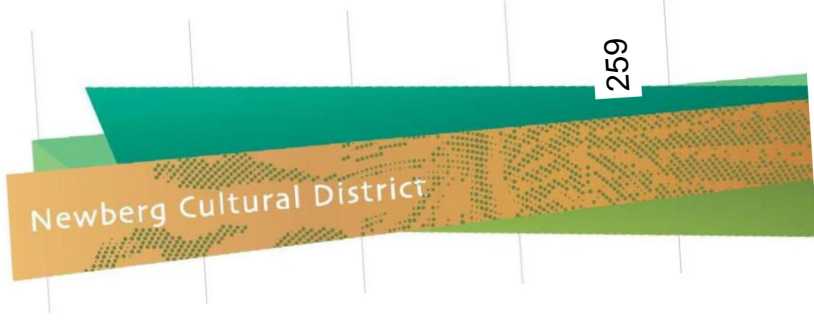
# What did the NCD Board do in 2018?

- Continued using the City Festival Street designation. It's a more efficient way for users as well as homeowners and businesses in the district to know about upcoming events.



# What did the NCD Board do in 2018?

- Review IGA between City and CPRD for readoption in 2019
- Saw first significant changes in Board membership with continued changes slated in 2019



# What did the NCD Board do in 2018?

The NCD Board communicated with the community

- [www.newbergculturaldistrict.org](http://www.newbergculturaldistrict.org)
- Monthly e-newsletter announcing board meetings and notifying interested parties about events in the District
- Newsletter may be subscribed to from the web site

# What is planned for 2019?

- Tunes on Tuesday
- Lavender Festival
- Public Works Day
- Summer Lunch Program
- Summer Reading Events
- Camellia Festival and Run
- Oktoberfest
- 35<sup>th</sup> Annual Holiday Tree Lighting

# What is planned for 2019?

- Adoption of revised IGA by the City and CPRD
- Looking at options for funding for permanent signage to direct visitors to the area



# What is planned for 2019?

- Work with any public arts groups to bring art to the district
- Continue to develop the web site as a location for district information
- Continue to work with neighbors
- Bring new board members on board (City, CPRD, Library, neighborhood rep. all turnover in 2018 and 2019)

A special place for  
people to enjoy  
cultural and arts  
experiences



Newberg Cultural District

# Enhancing Newberg as a destination for tourists



Newberg Cultural District

# REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: February 4th, 2019

|                   |                       |                                       |             |                  |
|-------------------|-----------------------|---------------------------------------|-------------|------------------|
| Order ____<br>No. | Ordinance ____<br>No. | Resolution <u>XX</u><br>No. 2019-3523 | Motion ____ | Information ____ |
|-------------------|-----------------------|---------------------------------------|-------------|------------------|

**SUBJECT: A Resolution initiating an amendment to the Newberg Comprehensive Plan and Municipal Code, Title 15: Development Code to allow duplexes and triplexes in the R-1 zone.**

Contact Person (Preparer) for this  
Motion: Keshia Owens, Assistant Planner  
Dept.: Community Development  
File No.: DCA18-0009/CPTA18-004

## RECOMMENDATION:

Adopt Resolution No. 2019-3523, initiating an amendment to the Newberg Comprehensive Plan and Municipal Code, Title 15 Development Code for the allowance of duplexes and triplexes in the R-1 zone.

## EXECUTIVE SUMMARY:

Beginning in October 2016, a series of meetings focusing on affordable housing in Newberg were held to address housing needs including, land prices, land supply, and city fees among other issues. Meetings addressing housing needs continued until early December 2017, where community members presented a final proposal that listed nine Housing Newberg priority activities for the City of Newberg. The listed activities included addressing missing middle level housing through the allowance of duplexes and triplexes in the R-1 zone.

The R-1 district is intended to align with the Low Density Residential uses implemented by the Comprehensive Plan. Uses within the R-1 zoning district should include low density single-family residential uses on lots that are a minimum of 5,000 square feet when not included in a planned unit development with a minimum density of 1.1 for each individual lot. The R-1 zoning district is also intended to provide a stable and healthful environment together with the full range of urban services.

Since missing middle level housing was prioritized in the list of activities provided to City Council, allowing duplexes and triplexes in the R-1 zone will address housing priorities while still providing a stable and healthful environment together with a full range of urban services. Through this initiative the City can work to ensure future housing needs are met and fulfill Housing Newberg's priorities.

To address development standards, the City should initiate an amendment to the Newberg Comprehensive Plan and Municipal Code Title 15: Development Code (NDC). The NDC currently allows for duplexes or multifamily developments as a conditional use or through a Planned Unit Development (PUD). The proposed amendment would include changes to the following code sections:

### Title 15: Development Code

1. 15.05 General Provisions
2. 15.302 Districts and Their Amendment
3. 15.305 Zoning Use Table
4. 15.405 Lot Requirements

Comprehensive Plan:

1. III. Plan Classifications

Other sections of the NDC and Comprehensive Plan may be identified for amending as the analysis occurs.

**FISCAL IMPACT:**

No fiscal impact at this time.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

Goal 8: Encourage Affordable Housing.

The proposed amendment to the Newberg Comprehensive Plan and Municipal Code, Title 15 Development Code to allow duplexes in the R-1 zone addresses Goal 8 by encouraging the development of affordable missing middle level housing within the City of Newberg.

Attachments:

Resolution No. 2019-3523



## **RESOLUTION No. 2019-3523**

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**A RESOLUTION INITIATING AN AMENDMENT TO THE NEWBERG  
COMPREHENSIVE PLAN AND MUNICIPAL CODE, TITLE 15  
DEVELOPMENT CODE FOR THE ALLOWANCE OF DUPLEXES AND  
TRIPLEXES IN THE R-1 ZONE.**

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### **RECITALS:**

1. The allowance of duplexes and triplexes in the R-1 zone promotes missing middle level housing and is critical to encouraging affordable housing in the City of Newberg. Future duplex and triplex development in the R-1 zone will significantly improve the available housing stock and provide more options that will encourage current and future residents to live within the Newberg city limits.
2. To allow duplexes and triplexes in the R-1 zoning district an amendment to the Comprehensive Plan and Newberg Development Code 15.05 General Provisions, 15.302 Districts and Their Amendment, 15.305 Zoning Use Table (note 2), and 15.405 Lot Requirements is required.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Council initiates an amendment to the Comprehensive Plan and Newberg Municipal Code, Title 15 Development Code for the allowance of duplexes and triplexes in the R-1 zone. This starts the public process to study the proposed amendments.
2. By initiating this amendment, the City Council does not commit to taking any specific action on the proposal. It only wishes to give the amendment full consideration by the Planning Commission and City Council in public hearings.
3. Staff will schedule a Planning Commission public hearing to make a recommendation on the item. The Planning Commission recommendation will be brought to the City Council for a public hearing and final decision.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 5th, 2019.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 4th day of February, 2019.

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Sue Ryan, City Recorder

**ATTEST** by the Mayor this 24<sup>th</sup> day of February, 2019.

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Rick Rogers, Mayor

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

|                   |                       |                             |                    |                         |
|-------------------|-----------------------|-----------------------------|--------------------|-------------------------|
| <b>Order ____</b> | <b>Ordinance ____</b> | <b>Resolution <u>XX</u></b> | <b>Motion ____</b> | <b>Information ____</b> |
| <b>No.</b>        | <b>No.</b>            | <b>No. 2019-3529</b>        |                    |                         |

**SUBJECT: A Resolution initiating an amendment to the Newberg Municipal Code, Title 15 Development Code to initiate a Vertical Housing Program**

**Contact Person (Preparer) for this Motion: Keith Leonard**  
**Dept.: Community Development**  
**File No.: DCA19-0001**

## **RECOMMENDATION:**

Adopt Resolution No. 2019-3529, initiating an amendment to the Newberg Municipal Code, Title 15 Development Code to provide a Vertical Housing Program (VHP).

## **EXECUTIVE SUMMARY:**

In 2001 the Vertical Housing Program (VHP) was adopted into State law. The VHP first began in 2003 under the administration of Oregon Economic and Community Development Department (OECDD), now known as Business Oregon. The 2005 Legislature passed legislation moving the VHP from OECDD to Oregon Housing and Community Services (OHCS) beginning in November 2005. The 2017 Legislature passed legislation, Senate Bill 310, moving the administration of VHP from OHCS to the local City and County government beginning October 6, 2017.

On Pages 54 and 55 of the 2016 City of Newberg Downtown Improvement Plan passed by Resolution No. 2016-3345 identifies setting up a VHP to encourage and incentivize mixed-use development in specified areas of the City by utilizing a new map overlay district, which would delineate the location of Vertical Housing Development Zones (VHDZ). The City of Newberg 2017 Economic Development Strategy

The purpose of the VHP is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in VHDZs designated by the City of Newberg. The residential portion may be for market rate or lower income households. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80 percent over a 10 year term. An additional partial property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below). Tax exemptions for multistory buildings for VHPs are as follows:

- (A) If the project consists of the equivalent of one equalized floor allocated to residential housing, the project shall be 20 percent exempt.
- (B) If the project consists of the equivalent of two equalized floors allocated to residential housing, the project shall be 40 percent exempt.
- (C) If the project consists of the equivalent of three equalized floors allocated to residential housing, the project shall be 60 percent exempt.

(D) If the project consists of the equivalent of four or more equalized floors allocated to residential housing, the project shall be 80 percent exempt.

The City Council is not asked to make a decision on these proposed changes at this time; only to initiate the amendment so that these proposed changes can be studied through the public hearing process. If the Council initiates the amendment then staff will prepare the specifics for a proposal. Staff will then schedule the item for a Planning Commission public hearing to make a recommendation. The Planning Commission recommendation would then be brought to the City Council for a public hearing and final decision.

**FISCAL IMPACT:**

No fiscal impact at this time.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

**Goal 8: Encourage Affordable Housing**

To encourage affordable housing partial property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below). The Housing Newberg group has spent the past two year discussing proposals to address the housing affordability issue within Newberg. A VHP has the potential to provide additional affordable housing within the City of Newberg.

**Goal 11: Implement Newberg Economic Development Strategy**

The May 2016 Newberg Economic Development Strategy (NEDS) Commercial Sector section is applicable. The NEDS has two strategies and three actions that are related to initiating a VHP including:

**Strategy 2.1 Revitalization of Downtown Newberg**

- Action 6 - Implement the recommendations from the Newberg Downtown Improvement Plan
- Action 11 - Increase downtown housing

**Strategy 2.3 Redevelop Vacant and Underutilized Commercial/Retail Sites**

- Action 5 - Enhance existing or create new incentive packages





## ***RESOLUTION No. 2019-3529***

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### **A RESOLUTION INITIATING AN AMENDMENT TO THE NEWBERG MUNICIPAL CODE, TITLE 15 DEVELOPMENT CODE TO IMPLEMENT A VERTICAL HOUSING PROGRAM (VHP)**

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#### **RECITALS:**

1. In 2001 the Vertical Housing Program (VHP) was adopted into State law. The program encourages mixed-use commercial / residential developments in areas designated by communities through a partial property tax exemption. The exemption varies in accordance with the number of residential floors on a project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below).
2. The 2005 Legislature passed legislation moving the Vertical Housing Program from Oregon Economic and Community Development Department (OECDD) to Oregon Housing and Community Services (OHCS) beginning in November 2005.
3. SB 310 went into effect on October 6, 2017 moving the administration of VHP from OHCS to the local City and County.
4. The 2016 Newberg Downtown Improvement Plan (NDIP), adopted by Resolution No. 2016-3345, identifies initiating a VHP.
5. The 2016 Newberg Economic Development Strategy (NEDS), adopted by Resolution No. 2016-3274, has two strategies and three actions that are applicable to initiating a VHP.
6. The City of Newberg needs to evaluate its Development Code in order to implement goals of the 2016 NDIP and 2016 NEDS.

#### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Council initiates an amendment to the Newberg Municipal Code, Title 15 Development Code creating a VHP.
2. By initiating this amendment, the City Council does not commit to taking any specific action on the proposal. It only wishes to give the amendment full consideration by the Planning Commission and City Council in public hearings.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 5, 2019.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 4<sup>th</sup> day of February, 2019.

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Sue Ryan, City Recorder

**ATTEST** by the Mayor this 7<sup>th</sup> day of February, 2019.

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Rick Rogers, Mayor

# REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: February 4, 2019

|                   |                       |                                       |             |                  |
|-------------------|-----------------------|---------------------------------------|-------------|------------------|
| Order ____<br>No. | Ordinance ____<br>No. | Resolution <u>XX</u><br>No. 2019-3530 | Motion ____ | Information ____ |
|-------------------|-----------------------|---------------------------------------|-------------|------------------|

**SUBJECT: A Resolution initiating an amendment to the Newberg Municipal Code, Title 15 Development Code to consider modifying the residential parking requirements for C-3 zoned property**

Contact Person (Preparer) for this  
Motion: Keith Leonard  
Dept.: Community Development  
File No.: DCA19-0002

## RECOMMENDATION:

Adopt Resolution No. 2019-3530, initiating an amendment to the Newberg Municipal Code, Title 15 Development Code to encourage additional residential development in the downtown in order to further support downtown businesses by modifying parking requirements for residential development within the C-3 zoning district.

## EXECUTIVE SUMMARY:

The City Council adopted Resolution 2016-3345 on December 5, 2016, which adopted the Newberg Downtown Improvement Plan (NDIP) as a guiding document for future planning efforts and investments downtown. The final version of the NDIP was completed on January 26, 2017. On page 9 of the NDIP, the plan noted that there are a total of 2,090 parking stalls in the downtown study area, nearly evenly split between on-street, (944 stalls, 45 percent of all spaces) and off-street (1,146 stalls, or 55 percent of all spaces). The majority of the on-street stalls (68 percent) are unregulated with no time restriction.

In studying parking utilization it was found that on-street parking was only 47.6 percent occupied during peak hours and that on-street parking is readily available throughout the day. Off-street parking faced similar levels of vacancy. During peak hours, off-street parking was 47.3 percent occupied and is therefore underutilized.

Residential uses near downtowns tend to provide additional customer support for businesses. On page 29 of the NDIP it states “revise the C-3 zone to achieve the vision for these three streets (Hancock, First and Second Streets) as a mix of commercial, service and residential uses, with a heavier emphasis on residential along Second Street...” An impediment for increasing residential use are requirements for residential parking within the C-3 zoning district. On page 29 of the NDIP goes on to state “it is recommended that parking requirements for residential uses be removed, and the City introduce a fee-in-lieu program. These in-lieu fees can be accrued and used in the future to purchase land for future parking facilities or for making other parking improvements.” By modifying the residential parking space requirement within the C-3 zoning district there would be additional land for developing housing instead of surface parking and with a fee-in-lieu program funds would be available to develop other parking facilities when they are needed and there is not such a large surplus of parking within the downtown.

The City Council is not asked to make a decision on the proposed changes at this time; only to initiate the amendment so that these proposed changes can be studied through the public hearing process. If the Council initiates the amendment then staff will prepare the specifics for a proposal. Staff will then schedule the item

for a Planning Commission public hearing to make a recommendation. The Planning Commission recommendation would then be brought to the City Council for a public hearing and final decision.

**FISCAL IMPACT:**

No fiscal impact at this time.

**STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

**Goal 8: Encourage Affordable Housing**

By modifying the parking requirement for residential development within the C-3 zoning district there is higher potential for developers to construct additional units within the downtown and the potential for additional affordable housing units.

**Goal 11: Implement Newberg Economic Development Strategy**

The 2016 Newberg Economic Development Strategy (NEDS) Commercial Sector section is applicable. The NEDS has two strategies and four actions that are related to removing residential parking requirements within the C-3 zoning district:

**Strategy 2.1 Revitalization of Downtown Newberg**

Action 6 - Implement the recommendations from the Newberg Downtown Improvement Plan

Action 9 - On-going implementation of recommendations from the Newberg Downtown Improvement Plan

Action 11 - Increase downtown housing



## **RESOLUTION No. 2019-3530**

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**A RESOLUTION INITIATING AN AMENDMENT TO THE NEWBERG MUNICIPAL CODE, TITLE 15 DEVELOPMENT CODE TO CONSIDER MODIFYING THE RESIDENTIAL PARKING REQUIREMENTS FOR C-3 ZONED PROPERTY**

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### **RECITALS:**

1. The City Council adopted Resolution 2016-3345 on December 5, 2016, which adopted the Newberg Downtown Improvement Plan (NDIP) as a guiding document for future planning efforts and investments downtown. The final version of the NDIP was completed on January 26, 2017.
2. According to the NDIP, existing parking within the C-3 zoning district is underutilized during peak hours, off-street parking was 47.3 percent occupied.
3. The 2016 Newberg Economic Development Strategy (NEDS) report outlines several strategy and action items that are related to modifying the residential parking requirements for downtown residential development within the C-3 zoning district.
4. The City of Newberg needs to evaluate its Development Code to ensure that both the NDIP and the NEDS are being implemented.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Council initiates an amendment to the Newberg Municipal Code, Title 15 Development Code to implement the NDIP and NEDS.
2. By initiating this amendment, the City Council does not commit to taking any specific action on the proposal. It only wishes to give the amendment full consideration by the Planning Commission and City Council in public hearings.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 4, 2019.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 4<sup>th</sup> day of February, 2019.

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Sue Ryan, City Recorder

**ATTEST** by the Mayor this 7<sup>th</sup> day of February 2019.

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Rick Rogers, Mayor

# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4, 2019**

|                   |                       |                             |                    |                         |
|-------------------|-----------------------|-----------------------------|--------------------|-------------------------|
| <b>Order ____</b> | <b>Ordinance ____</b> | <b>Resolution <u>XX</u></b> | <b>Motion ____</b> | <b>Information ____</b> |
| <b>No.</b>        | <b>No.</b>            | <b>No. 2019-3531</b>        |                    |                         |

**SUBJECT: A Resolution initiating an amendment to the Newberg Municipal Code, Title 15 Development Code to remove the requirement for first floor commercial use along E Second Street**

**Contact Person (Preparer) for this Motion: Keith Leonard**  
**Dept.: Community Development**  
**File No.: DCA19-0003**

## RECOMMENDATION:

Adopt Resolution No. 2019-3531, initiating an amendment to the Newberg Municipal Code, Title 15 Development Code to remove first floor commercial use requirements in the first floor of buildings along E Second Street.

## EXECUTIVE SUMMARY:

The City Council passed Resolution No. 2016-3345 on December 5, 2016, which adopted the 2016 Newberg Downtown Improvement Plan (NDIP) as a guiding document for future planning efforts and investments in downtown. Residential uses near downtowns tend to provide additional customer support for businesses. On page 29 of the NDIP it states “revise the C-3 zone to achieve the vision for these three streets (Hancock, First and Second Streets) as a mix of commercial, service and residential uses, with a heavier emphasis on residential along Second Street...” An amendment to modify commercial use requirements on the first floor along E Second Street would not prohibit a developer from building commercial space within a given development. Removing the requirement for commercial use on the first floor along E Second Street merely provides more flexibility for developers.

Section 15.305.020 Zoning Table footnote #5 currently states “the dwelling units must front onto Hancock or Second Street. No more than 30 percent of a single street frontage of a block may be occupied by residential uses. Contiguous residential street frontage must be less than 60 lineal feet. Density and parking standards for allowable dwelling units must be met.”

The City Council is not asked to make a decision on these proposed changes at this time; only to initiate the amendment so that these proposed changes can be studied through the public hearing process. If the Council initiates the amendment then staff will prepare the specifics for a proposal. Staff will then schedule the item for a Planning Commission public hearing to make a recommendation. The Planning Commission recommendation would then be brought to the City Council for a public hearing and final decision.

## FISCAL IMPACT:

No fiscal impact at this time.

## **STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

### **Goal 8: Encourage Affordable Housing**

By modifying the commercial use requirement for first floors along E Second Street there is greater potential for developers to construct additional residential units within the downtown and the potential for additional affordable housing units. In turn, the existing businesses within the downtown may see additional customers frequenting their establishments.

### **Goal 11: Implement Newberg Economic Development Strategy**

The 2016 Newberg Economic Development Strategy (NEDS) Commercial Sector section is applicable. The NEDS has one strategy and three action items that are related to implementing the Newberg Downtown Improvement Plan (NDIP) and increasing downtown housing:

#### **Strategy 2.1 Revitalization of Downtown Newberg**

Action 6 – Implement the recommendations from the Newberg Downtown Improvement Plan

Action 9 – On-going implementation of recommendations from the Newberg Downtown Improvement Plan

Action 11 – Increase downtown housing

# ***RESOLUTION No. 2019-3531***

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## **A RESOLUTION INITIATING AN AMENDMENT TO THE NEWBERG MUNICIPAL CODE, TITLE 15 DEVELOPMENT CODE TO REMOVE THE REQUIREMENT FOR FIRST FLOOR COMMERCIAL USE ALONG E SECOND STREET**

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### **RECITALS:**

1. The City Council adopted Resolution 2016-3345 on December 5, 2016, which adopted the Newberg Downtown Improvement Plan (NDIP) as a guiding document for future planning efforts and investments downtown. The final version of the NDIP was completed on January 26, 2017. According to the 2016 NDIP there is a need to provide additional residential units along E Second Street.
2. The 2016 Newberg Economic Development Strategy (NEDS), adopted by Resolution No. 2016-3274, outlines one strategy and three action items that support providing additional housing units along E Second Street.
3. The City of Newberg needs to evaluate its Development Code to ensure that both the NDIP and the NEDS are being implemented.

### **THE CITY OF NEWBERG RESOLVES AS FOLLOWS:**

1. The City Council initiates an amendment to the Newberg Municipal Code, Title 15 Development Code to implement the NDIP and NEDS.
2. By initiating this amendment, the City Council does not commit to taking any specific action on the proposal. It only wishes to give the amendment full consideration by the Planning Commission and City Council in public hearings.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 5, 2019.

**ADOPTED** by the City Council of the City of Newberg, Oregon, this 4<sup>th</sup> day of February, 2018.

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Sue Ryan, City Recorder

**ATTEST** by the Mayor this 7<sup>th</sup> day of February, 2019.

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Rick Rogers, Mayor



# REQUEST FOR COUNCIL ACTION

**DATE ACTION REQUESTED: February 4th, 2019**

|                                 |                                     |                                      |                    |                                     |
|---------------------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|
| <b>Order</b> ____<br><b>No.</b> | <b>Ordinance</b> ____<br><b>No.</b> | <b>Resolution</b> ____<br><b>No.</b> | <b>Motion</b> ____ | <b>Information</b> <u><b>XX</b></u> |
|---------------------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|

**SUBJECT: Update on Community Visioning  
Program activities**

**Contact Person (Preparer) for this  
Motion: Bayo Ware  
Dept.: Planning**

**RECOMMENDATION:** Information only

## EXECUTIVE SUMMARY:

On December 17<sup>th</sup>, 13 community members were appointed to serve on the Community Visioning Advisory Committee. The Community Vision is a document that details a consensus of what Newberg's residents, employees, business owners and institutions would like Newberg to become over the next 20 years. It is coupled with an Action Plan, which is a timeline that outlines specific goals organizations in Newberg will complete to fulfill the Vision.

Two advisory committee meetings have taken place thus far, the first of which was an orientation to the project itself. After the meeting, one member removed herself from the committee due to other commitments. We are now in the process of acquiring a replacement. During the second meeting, we created a committee schedule for the duration of the project. We will meet every other week on Wednesdays at locations throughout the city for a total of 16 times. In addition, we have discussed changing the timeline to ensure that it is suitable for the size of our community and efficient. We also discussed the following documents (still in development):

- Community Profile (memo)
- Community Profile (infographic)
- Communications Plan
- Stakeholder Matrix

The Community Profile's purpose is to introduce community members to the resources and assets in Newberg and is designed to give an overview of the community as a whole. The memo format was the first created. In addition to this format, the Advisory Committee decided that a multi-page infographic as well as a trifold should be made. The Community Profile Infographic is a design sample and does not include all of the topics that will be covered. It is designed to be more accessible to the general public.

The Communications Plan outlines the outreach strategies to engage community members that will be implemented over the course of the project. It establishes a marketing timeline built around community events and various outreach activities. It includes presentations to various civic organizations, newsletter entries and segments given to local media.

The Stakeholder Matrix is a collection of all of the comments that were made during stakeholder

interviews and group sessions. This information will be used to determine the topics that the Vision and Action Plan will cover.

In addition to the Advisory Committee, there is a planning team made of city staff from various departments. The purpose of this team is two-fold: ensure alignment with local government operations and provide additional capacity for planning and facilitating events. The first meeting took place on January 17, 2019.

Lastly, there is Community Corps, which is made of volunteers that will also help plan and facilitate events. Most importantly, they will assist in drafting the Vision and Action Plan. The first Community Corps meeting was on January 24<sup>th</sup> at the Public Safety Meeting at 6:00pm. Like the Advisory Committee, the Community Corps will meet at different locations throughout Newberg as well.

The first community event is the A NewBERG Kick-off. The purpose of this event is to introduce the community to the project and to gather feedback on the foundational documents. This will provide the first piece of information that the Community Corps will use to begin creating vision ideas. This event will take place on February 5, 2019 in the Chehalem Cultural Center at 6:00pm.

#### **FISCAL IMPACT:**

The project is being funded through the Planning Budget in the General Fund. Specifically, \$23,500 has been budgeted for the Resource Assistance for Rural Environments (RARE) participant through Professional Services. The program provides a small match towards the participant's overall costs. Funds have also been budgeted in Planning for office equipment and costs for community forums.

#### **STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM SEPTEMBER 2017):**

GOAL 12: Complete community visioning process and communication plan to engage Newberg residents.

# Newberg Community Visioning

## STRATEGIC COMMUNICATION OBJECTIVES

| Phase                                                                                                                 | Duration           | Stakeholders | Lead(s) | Tools                                                                            |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|--------------|---------|----------------------------------------------------------------------------------|
| 1                                                                                                                     |                    |              |         |                                                                                  |
| Foundation - interview stakeholders to understand general community values, issues and current trends                 | Nov-Dec 2018       |              |         | Community Presentations/Events, Newsletter, Newspaper, Direct Mail, Social Media |
| 2                                                                                                                     |                    |              |         |                                                                                  |
| Envisioning Newberg's Preferred Future - Work with communitycorps to engage the community through public events       | Dec 2018-June 2019 |              |         | Meetings                                                                         |
| 3                                                                                                                     |                    |              |         |                                                                                  |
| Action Planning - gather all of the data, put it into a plan to finalize the vision and its corresponding action plan | June-July 2019     |              |         | Meetings, City Newsletter, Press Release, Direct Mail                            |

# Newberg Community Visioning Project

## KEY MESSAGES

1

State the problem: A visioning project is a way for the community to participate in planning Newberg's future. The community of Newberg is growing very quickly and if we don't plan for the future, then it will become something that no one wants/so let's make sure the future looks bright.../bypass project completed, UGB expansion, population expansion, College expansion, businesses growing, tourism, mantener una comunidad vibrante/ state the problem, back it up with facts (population, commuters going to portland)

2

The benefit of the plan: list of benefits the plan will have (how is this going to benefit me: "roadmap" to this preferred future, at the end of the project we will have a document that will outline specific goals that will provide a roadmap to how Newberg will transform into its desired future/it will provideThis is the opportunity for those affected by the decisions to be involved in the decision-making process by receiving and providing input throughout the entire process.

This community vision plan will

1. provides a roadmap to the Newberg's preferred future 2. provides us with a clear picture of the city's resources so we can identify priorities 3. unify/align/be on the same page/work in unison/different sectors in Newberg to accomplish the vision within their respective sectors

3

Newberg residents will benefit by the following: 1. This is the opportunity for those affected by the decisions to be involved in the decision-making process by receiving and providing input throughout the entire process.

1. Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.
2. Public participation includes the promise that the public's contribution will influence the decision.
3. Public participation promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers.
4. Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.
5. Public participation seeks input from participants in designing how they participate.
6. Public participation provides participants with the information they need to participate in a meaningful way.
7. Public participation communicates to participants how their input affected the decision.

| Phases       | Sept-Dec | Jan     | Feb    | Mar    | Apr     | May     | June     | July     | Aug |
|--------------|----------|---------|--------|--------|---------|---------|----------|----------|-----|
| Docs         |          | 6<br>23 |        |        |         |         |          |          |     |
| Forum 1      |          |         | 6<br>5 | 20     |         |         |          |          |     |
| Workshop 1   |          |         |        | 6<br>5 | 20      |         |          |          |     |
| Town Hall    |          |         |        |        | 3<br>17 |         |          |          |     |
| Workshop 2   |          |         |        |        |         | 1<br>14 | 15<br>29 |          |     |
| Forum 2      |          |         |        |        |         |         | 12<br>18 | 26       |     |
| Workshop 3   |          |         |        |        |         |         |          | 10<br>10 | 24  |
| Reveal Party |          |         |        |        |         |         |          |          | 1   |

Advisory Committee Meeting

Event















Document Draft/Final

Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

Member: \_\_\_\_\_

Date: \_\_\_\_\_

| Phases       | Sept-Dec | Jan                                                                               | Feb                                                                               | Mar                                                                                                                                                                    | Apr                                                                                                                                                                      | May                                                                                                                                                                        | June                                                                                                                                                                       | July                                                                                                                                                                           | Aug |
|--------------|----------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Docs         |          |  |                                                                                   |                                                                                                                                                                        |                                                                                                                                                                          |                                                                                                                                                                            |                                                                                                                                                                            |                                                                                                                                                                                |     |
| Forum 1      |          |                                                                                   |  |                                                                                                                                                                        |                                                                                                                                                                          |                                                                                                                                                                            |                                                                                                                                                                            |                                                                                                                                                                                |     |
| Workshop 1   |          |                                                                                   |                                                                                   | <br> |                                                                                                                                                                          |                                                                                                                                                                            |                                                                                                                                                                            |                                                                                                                                                                                |     |
| Town Hall    |          |                                                                                   |                                                                                   |                                                                                                                                                                        | <br> |                                                                                                                                                                            |                                                                                                                                                                            |                                                                                                                                                                                |     |
| Workshop 2   |          |                                                                                   |                                                                                   |                                                                                                                                                                        |                                                                                                                                                                          | <br> |                                                                                                                                                                            |                                                                                                                                                                                |     |
| Forum 2      |          |                                                                                   |                                                                                   |                                                                                                                                                                        |                                                                                                                                                                          |                                                                                                                                                                            | <br> |                                                                                                                                                                                |     |
| Workshop 3   |          |                                                                                   |                                                                                   |                                                                                                                                                                        |                                                                                                                                                                          |                                                                                                                                                                            |                                                                                                                                                                            | <br> |     |
| Reveal Party |          |                                                                                   |                                                                                   |                                                                                                                                                                        |                                                                                                                                                                          |                                                                                                                                                                            |                                                                                                                                                                            | <br> |     |

Community Corps Meeting

Event

Document Draft/Final

Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

Member: \_\_\_\_\_

Date: \_\_\_\_\_

| Phases       | Sept-Dec | Jan | Feb  | Mar  | Apr  | May  | June | July | Aug |
|--------------|----------|-----|------|------|------|------|------|------|-----|
| Docs         |          |     |      |      |      |      |      |      |     |
| Forum 1      |          | 17  | 5 12 |      |      |      |      |      |     |
| Workshop 1   |          |     |      | 5 12 |      |      |      |      |     |
| Town Hall    |          |     |      |      | 9 16 |      |      |      |     |
| Workshop 2   |          |     |      |      |      | 7 14 |      |      |     |
| Forum 2      |          |     |      |      |      |      | 4 18 |      |     |
| Workshop 3   |          |     |      |      |      |      |      | 2 10 |     |
| Reveal Party |          |     |      |      |      |      |      | 16   | 1   |

Planning Team Meeting  
Event  
Document Draft/Final

Supervisor: \_\_\_\_\_  
Date: \_\_\_\_\_  
Member: \_\_\_\_\_  
Date: \_\_\_\_\_

## OUTREACH PLAN

| Target Group         | Audience                                                                       | Channel                         | Frequency               | Date of Connected Events                       | Desired Outcome                     |
|----------------------|--------------------------------------------------------------------------------|---------------------------------|-------------------------|------------------------------------------------|-------------------------------------|
| Youth                | LEADU NMS Student Club                                                         | Meeting                         | Weekly                  | TBD                                            | Solicit opinions; Project awareness |
|                      | Literary Young Adults                                                          | Team Art Club                   | Weekly                  | Fridays @ 3 PM                                 | Solicit opinions                    |
|                      | Literary Young Adults - Patrons                                                | Bulletin Board (interactive)    | Update as needed        | As needed                                      | Solicit opinions; Project awareness |
|                      | Social Media                                                                   | Instagram                       | Update as needed        | As needed                                      | Project awareness                   |
|                      | Student Council Newburg High School                                            | Meeting                         | Monthly                 | 1st Wednesdays @ 8 AM                          | Solicit opinions; Project awareness |
|                      | Videos                                                                         | You Tube                        | Update as needed        | As needed                                      | Project awareness                   |
| (GBIT)OOMP & (LGBTQ) | Youth Outreach (NCAF)                                                          | Bulletin Board (interactive)    | Update as needed        | As needed                                      | Solicit opinions                    |
| Local Businesses     | See (GBIT) NMS Student Club in Youth target group section                      |                                 |                         |                                                |                                     |
|                      | PELAG Newburg                                                                  | Meeting                         | Monthly                 | Tuesdays Mid Month                             | Solicit opinions; Project awareness |
|                      | Catholicism Chapter of Commerce Newburg- Dundee Small Business Community Group | Email Newsletter Facebook Group | Weekly Update as needed | Wednesdays As needed                           | Project awareness Project awareness |
| Civic Organizations  | Newburg Discussion Association                                                 | Email Newsletter                | Quarterly               | As needed                                      | Project awareness                   |
|                      | Young Professionals Group                                                      | Meeting                         | Monthly                 | Last Monday @ 6 PM                             | Solicit opinions; Project awareness |
|                      | City Club                                                                      | Meeting                         | Bimonthly               | 1st & 3rd Mondays @ NOON                       | Project awareness                   |
|                      | Early Birds Rotary Club                                                        | Meeting                         | Weekly                  | Thursdays @ NOON                               | Project awareness                   |
|                      | Kiwans                                                                         | Meeting                         | Weekly                  | Thursdays @ NOON                               | Project awareness                   |
|                      | Newburg Service Integration Team (SIT)                                         | Meeting                         | Monthly                 | 1st Thursday @ 9:30 AM                         | Solicit opinions; Project awareness |
|                      | Newburg Veterans of Foreign Wars (American Legion)                             | Meeting                         | Weekly                  | Tuesdays @ 9 AM                                | Solicit opinions; Project awareness |
| Retired Community    | Noon Rotary Club                                                               | Meeting                         | Weekly                  | Wednesdays @ NOON                              | Project awareness                   |
|                      | Yamhill SIT                                                                    | Email Newsletter                | Monthly                 | 1st of the Month Submit 2hrs-2PM previous mo.) | Project awareness                   |
|                      | Aumere                                                                         | TBD                             | TBD                     | TBD                                            | Solicit opinions; Project awareness |
|                      | Friendship Community Connection                                                | Print Newsletter                | TBD                     | TBD                                            | Project awareness                   |
|                      | Friendship eBoard                                                              | Email Newsletter                | Biweekly                | 2nd Month                                      | Project awareness                   |
| Latino Community     | Friendship Residente Association                                               | Meeting                         | Monthly                 | 3rd Monday                                     | Solicit opinions; Project awareness |
|                      | Newburg Library Senior Book Club                                               | Meets                           | Monthly                 | 2nd Wednesday @ 1 PM                           | Solicit opinions; Project awareness |
|                      | Literary Site at New / Children's Day                                          | Event                           | Annual                  | Last weekend in April                          | Solicit opinions; Project awareness |
|                      | Newburg School District Latino Parent Group                                    | Meeting                         | Monthly                 | 2nd Thursday @ 6 PM                            | Solicit opinions; Project awareness |
|                      |                                                                                |                                 |                         |                                                |                                     |
| Chilwase             | St Peter's Catholic Church Spanish Service                                     | TBD                             | Weekly                  | Sundays @ 12:30 PM                             | Project awareness                   |
|                      | St Peter's Catholic Church Bulletin                                            | Print Newsletter                | Weekly                  | Mondays                                        | Project awareness                   |
|                      | St Michael's Episcopalian Church Spanish Service                               | TBD                             | Weekly                  | Sundays @ 10:30 AM                             | Solicit opinions; Project awareness |
|                      | Newburg Pro-K Latino Parents                                                   | Meeting                         | Monthly                 | TBD                                            | Solicit opinions; Project awareness |
|                      | Newburg on Action                                                              | Facebook Group                  | Update as needed        | As needed                                      | Project awareness                   |
|                      | Newburg School District Friday Folder                                          | App , email                     | Weekly                  | Fridays                                        | Project awareness                   |
|                      | Renaissance Stand                                                              | Print Collateral                | Update as needed        | As needed                                      | Project awareness                   |
|                      | Pandora Connector                                                              | Print Collateral                | Update as needed        | As needed                                      | Project awareness                   |
|                      | Newburg 1st Affiliated Festival Latino Stage Committee                         | Meeting                         | Monthly                 | TBD                                            | Solicit opinions; Project awareness |
|                      | 1st Meso American Store                                                        | Print Collateral                | Update as needed        | As needed                                      | Project awareness                   |
|                      | Camella Festival                                                               | Event                           | Annual                  | 4/13/2019                                      | Project awareness                   |
|                      | City of Newburg Community Visioning Interested Parties List                    | Email Newsletter                | Monthly                 | TBD                                            | Project awareness                   |
|                      | City of Newburg Employee News                                                  | Email Newsletter                | Biweekly                | As needed                                      | Project awareness                   |
|                      | City of Newburg Facebook Page                                                  | Facebook Page                   | Update as needed        | As needed                                      | Project awareness                   |
|                      | City of Newburg Followers                                                      | Website                         | Update as needed        | As needed                                      | Project awareness                   |
|                      | KLIC Radio 1260                                                                | TV radio online                 | Update as needed        | As needed                                      | Project awareness                   |
|                      | Newburg Community Discussion Group                                             | Facebook Group                  | Update as needed        | As needed                                      | Project awareness                   |
| Children             | Newburg Martin Luther King Day Celebration Participants                        | Event                           | Annual                  | January 21, 2019 @ 6 PM                        | Project awareness                   |
|                      | Newburg Old Fashioned Festival                                                 | Facebook Page                   | Update as needed        | As needed                                      | Project awareness                   |
|                      | Newburg Public Library                                                         | Facebook Page                   | Update as needed        | As needed                                      | Project awareness                   |
|                      | Newburg Dundee Citizens Info Group                                             | Facebook Page                   | Update as needed        | As needed                                      | Project awareness                   |
|                      | The Newburg Graphic Local Newspaper                                            | Print, online                   | Update as needed        | As needed                                      | Project awareness                   |
|                      | City of Newburg Public Works Day                                               | Event                           | Annual                  | June 2019                                      | Solicit opinions; Project awareness |
|                      | Elementary School Council                                                      | Event                           | TBD                     | TBD                                            | Solicit opinions; Project awareness |
|                      | MLK/Latinx Day Car/School                                                      | Event                           | TBD                     | As needed                                      | Solicit opinions; Project awareness |
|                      | Newburg Dual Language Program                                                  | Event                           | TBD                     | As needed                                      | Solicit opinions; Project awareness |
|                      | Newburg Library Literacies                                                     | Event                           | Weekly                  | As needed                                      | Solicit opinions; Project awareness |



## OUTREACH TIMELINE

287



|                                                                                              |   |                                                                                      |   |
|----------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------|---|
| Social Fabric                                                                                |   | Leadership                                                                           |   |
| High social engagement (people really care, generous, active faith com)                      | 9 | chamber advocates real issues (housing, homelessness)                                |   |
| Low income (LI) populations (homeless men/youth/housed but poor families)                    | 6 | strong municipal/staff                                                               | 3 |
| Latin American, migrant communities/People of Color                                          | 6 | Strong, rising new/young leadership                                                  | 3 |
| Queer community                                                                              | 5 | strong council support generally                                                     |   |
| Mobility issues/elderly                                                                      | 3 | DT Association has unified vision                                                    |   |
| Mental Health                                                                                | 2 | Austin family                                                                        |   |
| Youth                                                                                        | 2 | Lack of interconnectivity (public, private, nonprofit) - working in silos            | 4 |
| Those with substance abuse issues                                                            |   | poor connectedness with other county towns                                           |   |
| Woman facing domestic abuse                                                                  |   | Lack of diversity in leadership (unsure if formal leaders want to change strucutres) | 5 |
| more support for local events (com pride/self-celebration), especially other cultural groups | 4 | government slow to respond to biz needs                                              |   |
| good foundational bones for social/physical growth                                           |   | more equitable taxing, budgeting structures                                          | 4 |
| high event participation                                                                     |   | NPS poor communication with community                                                |   |
| Old vs new residents (economic split, UGB expansion)                                         | 7 | lack of collaboration between orgs                                                   | 2 |
| LI/migrants leaving, breaking social networks                                                | 2 | GFU can play larger role in com                                                      | 2 |
| NIMBY-ism                                                                                    |   | small town (old boys club, grudges)                                                  |   |
| events, social structures cater to white audience (social events, religious)                 |   |                                                                                      |   |
| NPS budget issues                                                                            |   |                                                                                      |   |
| villification of those in need                                                               |   |                                                                                      |   |
| people don't know how to participate                                                         |   |                                                                                      |   |
| Southside                                                                                    | 3 |                                                                                      |   |
| hidden social issues (poverty, substance abuse)                                              | 2 |                                                                                      |   |

|                                                                                                                                                                                                                                                                                                 |   |                               |   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------------------------------|---|
| Local government<br>government lack of understanding of biz<br>needs                                                                                                                                                                                                                            | 2 | Physical Assets<br>Riverfront | 6 |
| City has proactive approach to econ dev                                                                                                                                                                                                                                                         |   | Providence Hospital           | 2 |
| government lack of understanding of biz<br>needs<br>poor government efficiency (time)                                                                                                                                                                                                           | 2 | Newberg Center                |   |
| housing barriers (permit/building costs)                                                                                                                                                                                                                                                        | 4 |                               |   |
| more equitable taxing, budgeting structures                                                                                                                                                                                                                                                     | 4 |                               |   |
| Lack of trust of government                                                                                                                                                                                                                                                                     | 3 |                               |   |
| Poor communication between city and<br>community (location, structure of<br>meetings)<br>A few people, especially in govt play<br>multiple roles (planning, econ dev) while a<br>structure would ensure that others share<br>weight<br>local government should become more<br>customer oriented | 3 |                               |   |

Diversity  
events, social structures cater to white  
audience (social events, religious)

Economy  
A-dec

Attractive to people of diverse  
backgrounds, welcoming to all

2 Allison, wine industry

3

small biz, restaurants

Strong relationships & informal agreements  
between people in regional econ dev orgs

Lots of econ dev forward  
momentum/opportunity  
City has proactive approach to econ dev

2

Lack of affordable housing options don't  
match needs of local biz's workforce,  
constricting employment  
government lack of understanding of biz  
needs

8

2

Distance from I-5 (close but not really close)

2

no industrial land (biz more to grow)

3

poor government efficiency (time)

Difficulty supporting local DT retail

|                                                                     |   |                                                                       |   |
|---------------------------------------------------------------------|---|-----------------------------------------------------------------------|---|
| Town Identity/Marketing                                             |   | Built Environment/Infrastructure                                      |   |
| Not PDX, not rural (distinct location with gap between other towns) | 8 | Lack of clear nucleus (city center)                                   |   |
| Small town charm (people know each other)                           | 7 | housing barriers (permit/building costs)                              | 4 |
| GFU/college town                                                    | 6 | becoming more urban/suburban/populated (loss of small town feel)      | 5 |
| Safe and family oriented                                            | 5 | lack of public transit                                                |   |
| Beautiful, bucolic                                                  | 2 | Difficulty to fund infrastructure for growth, esp in LI neighborhoods | 5 |
| Agriculture/fertile land/com gardens                                | 4 | Traffic                                                               | 4 |
| Identity in flux                                                    | 2 | Southside                                                             | 3 |
| Progressive                                                         |   | Not physically attractive                                             | 2 |
| rich history                                                        |   |                                                                       |   |
| marketing small town (conservative), wine country (luxurious)       | 2 |                                                                       |   |
| sense of community waning                                           |   |                                                                       |   |

|                                                                              |                                                                              |   |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|---|
| Culture                                                                      | Recreation                                                                   |   |
| Edwards Elementary/Schools                                                   | amenities; don't have to leave                                               |   |
|                                                                              | 4                                                                            | 2 |
| Cultural Center                                                              | more destinations/gathering space/retail                                     |   |
|                                                                              | 3 biz, esp DT                                                                | 7 |
| Library                                                                      | many activities place focus on wine                                          |   |
|                                                                              | 2                                                                            |   |
| Drive-in Theater                                                             | events, social structures cater to white audience (social events, religious) |   |
| amenities; don't have to leave                                               |                                                                              |   |
|                                                                              | 2                                                                            |   |
| Strong Latin American community                                              |                                                                              |   |
| events, social structures cater to white audience (social events, religious) |                                                                              |   |

Institutional Assets  
Providence Hospital

2

Newberg Center

Austin family





PROUD PAST, FLOURISHING FUTURE

2019

# Newberg Community Profile

# WHAT'S IN OUR FUTURE?

Tree  
protection

Affordable  
housing

Better streets

More jobs



PROUD PAST, FLOURISHING FUTURE

## LET'S DECIDE NOW!

## DEMOGRAPHICS

**24K**

With 23,795 residents, Newberg is growing faster than the county, Portland Metro Area, and the State

**32.7**

The median age, which is over 6 years younger than the state's

**80%**

Residents who identify as "White, non-Hispanic or Latino," which is 3% less than in state

**20%**

1 in 5 Newberg Public School students who identify as "Hispanic or Latino for the last 5 years

# HERITAGE HISTORY CULTURE ARTS

The Cultural Center  
plans to build a culinary  
studio, conference center  
and a movement studio



As a boy, not only did Herbert Hoover, 31st U.S. President, live in Newberg, but he lived with his aunt and uncle, who was the first superintendent of now-George Fox University.

## NEWBERG PUBLIC LIBRARY



- 300,000 loaned books in 2017
- 500-1,000 daily visitors
- 400+ events
- Book releases
- STEM program
- Hispanic Heritage Month
- Home book delivery



CHEHALEM  
CULTURAL CENTER

- Art gallery and exhibition hall
- 3 art classrooms
- Clay studio
- Music recording studio
- Ballroom

Yamhill County cultural  
institutions earned \$45  
*million* in 2018 alone

# ECONOMIC STABILITY

---

Those who identify as Some Other Race and Black are at the highest risk of poverty by far.

Because Spanish is the 2nd-most spoken language, Latin Americans probably makes up most of Some Other Race. Because Whites make up most of the population, most residents living in poverty are White (63.7%), followed by Latin Americans (32%). You would expect food insecurity and crime to increase with poverty. But even though our poverty rates are above average, we are still one of the safest cities in the state.

*THIS IS A COMMUNITY THAT TAKES CARE OF ITS OWN.*

**47%**

**STUDENTS WITH  
FREE/REDUCED  
LUNCH**

**6th**

**FOOD  
SECURITY  
COUNTY  
RANKING**

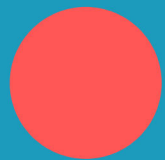
*6TH SAFEST IN STATE*

**8TH**

**CITY SAFETY  
RANKING**

*INCLUDES NEWBERG  
AND DUNDEE*

WHILE THE PERCENTAGE  
OF SINGLE MOTHERS  
LIVING IN POVERTY  
DROPPED 10% LAST  
YEAR, IT IS STILL VERY  
HIGH

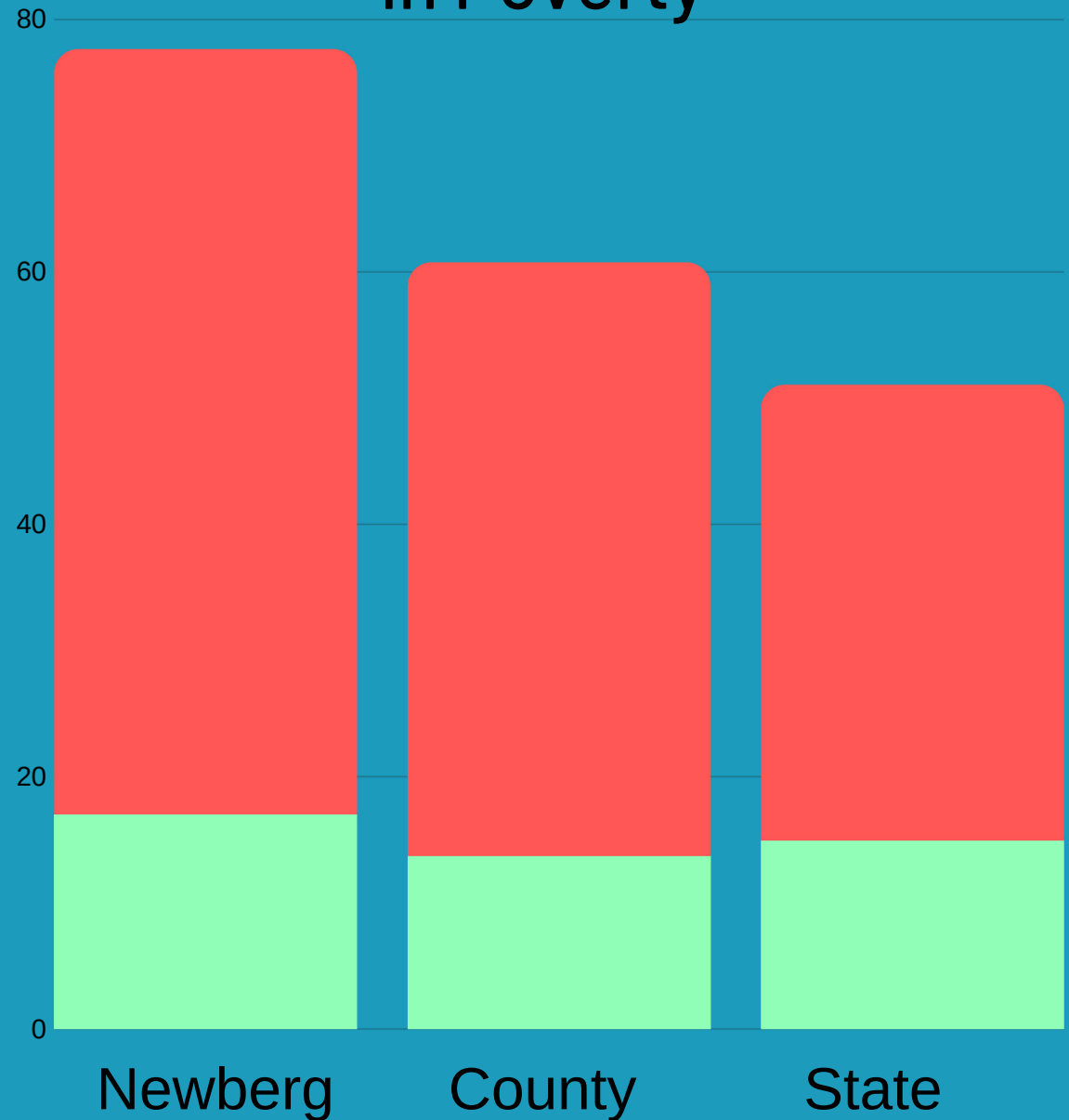


Single Mothers



Residents Overall

## Percentage of Single Mothers in Poverty



# Council Meeting Roll Call & Voting Log

**Meeting Date: 2/4/19 Start Time: 6:00 p.m. End Time: 8:51 p.m.**

## Roll Call

☒ Councilor Findley  
☐ Councilor Bacon  
☒ Mayor Rogers  
☒ Councilor Curtis Gemeroy  
☐ Councilor Corey  
☒ Councilor Yarnell Hollamon  
☒ Councilor Johnson

☒ Joe Hannan, CM  
☒ Truman Stone, CA  
☒ Sue Ryan, CR  
☒ Doug Rux, CDD  
☒ Brian Casey, PD  
☒ Leah Griffith, Library  
☒ Matt Zook, FD  
☒ Caleb Lippard, AFD  
☒ Dan Keuler, SA  
☒ Keith Leonard, Planner  
☒ Keshia Owens, Planner

## Voting – see additional pages as needed

|                  | Accept Auditor report           | Riverfront Committee Appointment – Casey Kulla, YHCO | Housing Needs Committee Appointment – Jack Kriz |
|------------------|---------------------------------|------------------------------------------------------|-------------------------------------------------|
| Findley          | Yes                             | Yes                                                  | Yes                                             |
| Bacon            | Absent                          | Absent                                               | Absent                                          |
| Rogers           | Yes                             | Yes                                                  | Yes                                             |
| Curtis Gemeroy   | Yes                             | Yes                                                  | Yes                                             |
| Corey            | Absent                          | Absent                                               | Absent                                          |
| Yarnell Hollamon | Yes                             | Yes                                                  | Yes                                             |
| Johnson          | Yes                             | Yes                                                  | Yes                                             |
|                  | Johnson/Curtis Gemeroy          | Findley/Johnson                                      | Johnson/Curtis Gemeroy                          |
|                  | Yes - 5<br>No - 0<br>Absent - 2 | Yes - 5<br>No - 0<br>Absent - 2                      | Yes - 5<br>No - 0<br>Absent - 2                 |

|                  |                                                                              |                                                                                        |                                                   |                                               |
|------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|
| 2/4/19 continued | Community Visioning Advisory Committee appointment – Lynn Montoya Quinn -PCC | Consent<br>Res 3528 – Kittleson & Associates<br>Res 3535 change order Sabre Industries | Res 3523<br>Initiate DCA for duplexes & triplexes | Res 3529<br>Initiate DCA for Vertical Housing |
| Findley          | Yes                                                                          | Yes                                                                                    | Yes                                               | Yes                                           |
| Bacon            | Absent                                                                       | Absent                                                                                 | Absent                                            | Absent                                        |
| Rogers           | Yes                                                                          | Yes                                                                                    | Yes                                               | Yes                                           |
| Curtis Gemeroy   | Yes                                                                          | Yes                                                                                    | Yes                                               | Yes                                           |
| Corey            | Absent                                                                       | Absent                                                                                 | Absent                                            | Absent                                        |
| Yarnell Hollamon | Yes                                                                          | Yes                                                                                    | Yes                                               | Yes                                           |
| Johnson          | Yes                                                                          | Yes                                                                                    | No                                                | Yes                                           |
|                  | Johnson/Yarnell Hollamon                                                     | Johnson/Curtis Gemeroy                                                                 | Rogers/Yarnell Hollamon                           | Johnson/Curtis Gemeroy                        |
|                  | Yes - 5<br>No - 0<br>Absent - 2                                              | Yes - 5<br>No - 0<br>Absent - 2                                                        | Yes - 4<br>No - 1<br>Absent - 2                   | Yes - 5<br>No - 0<br>Absent - 2               |

|                  |                                                           |                                                                                     |                                 |  |
|------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------|--|
| 2/4/19 continued | Res 3530<br>Initiate DCA for Residential parking downtown | Res 3531<br>Initiate DCA for commercial space requirements for residential downtown | Council Committee Assignments   |  |
| Findley          | Yes                                                       | Yes                                                                                 | Yes                             |  |
| Bacon            | Absent                                                    | Absent                                                                              | Absent                          |  |
| Rogers           | Yes                                                       | Yes                                                                                 | Yes                             |  |
| Curtis Gemeroy   | Yes                                                       | Yes                                                                                 | Yes                             |  |
| Corey            | Absent                                                    | Absent                                                                              | Absent                          |  |
| Yarnell Hollamon | Yes                                                       | Yes                                                                                 | Yes                             |  |
| Johnson          | Yes                                                       | Yes                                                                                 | Yes                             |  |
|                  | Johnson/Yarnell Hollamon                                  | Johnson/Findley                                                                     | Rogers/Johnson                  |  |
|                  | Yes - 5<br>No - 0<br>Absent - 2                           | Yes - 5<br>No - 0<br>Absent - 2                                                     | Yes - 5<br>No - 0<br>Absent - 2 |  |