



**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**

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**CITY OF FOREST GROVE  
OFFICERS AND MEMBERS OF THE GOVERNING BODY  
For the Year Ended June 30, 2019**

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Jesse VanderZanden

**MAYOR**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
CITY OF FOREST GROVE  
Forest Grove, 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 FOREST GROVE, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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 did not audit the financial statements of the Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission and the Barney Reservoir Joint Ownership Commission, which represent 7 percent of the assets of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission and the Barney Reservoir Joint Ownership Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Opinions*

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF FOREST GROVE, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for General, Street, and Urban Renewal Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a - f* and the required supplementary information as listed in the table of contents as pages 59 - 66 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 combining financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

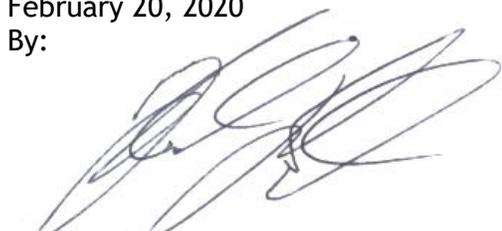
**INDEPENDENT AUDITOR'S REPORT (Continued)**

**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 February 20, 2020 on our consideration of the City's compliance with certain provisions of laws, regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the compliance.

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
February 20, 2020

By:

A handwritten signature in black ink, appearing to read 'Bradley G. Bingenheimer', is written over the 'By:' text.

Bradley G. Bingenheimer, Member

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## CITY OF FOREST GROVE, OREGON MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This discussion and analysis presents the highlights of financial activities and financial position for the City of Forest Grove. Management discussion and analysis focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements and notes, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- Total assets of the City exceeded its liabilities by \$113.7 million at June 30, 2019. Of this amount, \$8.2 million is reported as unrestricted net position which may be used to meet the City's obligations.
- During the year, the City's net position decreased by \$3.83 million in governmental activities and increased by \$1.78 million in business-type activities for a total decrease of \$2.05 million.
- The General Fund reported an ending fund balance at June 30, 2019, of \$7,666,833 which is an decrease of \$6,925 from the prior fiscal year. Ending fund balance at June 30, 2019 was 41.4% of the General Fund expenditures for the fiscal year ending June 30, 2019.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by *supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net position and how it has changed. Net position - the difference between the City's assets and liabilities - is one way to measure financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as general government, public safety, planning and building and safety, streets and storm drainage, economic development, culture and recreation, and interest on long-term debt. Property taxes, franchise taxes, permits and fees, and intergovernmental revenues finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following types of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Enterprise funds* - Services for which the City charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Internal service funds* are used to report activities that provide supplies and services for the City's other programs and activities.
- *Fiduciary funds* - The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**NET POSITION – As of JUNE 30, 2019 and 2018  
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current and other assets	\$ 35,621	\$ 32,591	\$ 38,900	\$ 35,056	\$ 74,161	\$ 67,647
Capital assets, net	<u>31,805</u>	<u>31,064</u>	<u>49,878</u>	<u>49,364</u>	<u>81,683</u>	<u>80,428</u>
Total assets	<u>67,426</u>	<u>63,655</u>	<u>88,778</u>	<u>84,420</u>	<u>156,204</u>	<u>148,075</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$ 2,347	\$ 6,550	\$ 725	\$ 2,581	\$ 3,072	\$ 9,131
OPEB Items	169	44	14	15	183	59
Deferred charge	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Total Deferred Outflows of Resources	<u>2,516</u>	<u>6,594</u>	<u>763</u>	<u>2,620</u>	<u>3,279</u>	<u>9,214</u>
<b>LIABILITIES</b>						
Current and other liabilities	\$ 990	\$ 847	\$ 2,460	\$ 2,259	\$ 3,450	\$ 3,106
Long-term obligations	<u>24,445</u>	<u>22,984</u>	<u>15,047</u>	<u>15,288</u>	<u>39,492</u>	<u>38,272</u>
Total liabilities	<u>25,435</u>	<u>23,831</u>	<u>17,507</u>	<u>17,547</u>	<u>42,942</u>	<u>41,378</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension related items	\$ 1,767	\$ 58	\$ 709	\$ 23	\$ 2,476	\$ 81
OPEB Items	<u>284</u>	<u>75</u>	<u>95</u>	<u>25</u>	<u>379</u>	<u>100</u>
Total Deferred Outflows of Resources	<u>2,051</u>	<u>133</u>	<u>804</u>	<u>48</u>	<u>2,855</u>	<u>181</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 31,805	\$ 31,064	\$ 44,422	\$ 42,964	\$ 76,227	\$ 74,028
Restricted	21,430	19,253	7,802	7,320	29,232	26,573
Unrestricted	<u>(10,779)</u>	<u>(4,032)</u>	<u>19,006</u>	<u>19,161</u>	<u>8,227</u>	<u>15,129</u>
Total net position	<u>\$ 42,456</u>	<u>\$ 46,285</u>	<u>\$ 71,230</u>	<u>\$ 69,445</u>	<u>\$ 113,686</u>	<u>\$ 115,730</u>

Total governmental assets are up about \$3.8 million or 6% from the previous fiscal year. Funds received from system development charges and other building activities represent a significant portion of the increase.

Business-type capital assets represent 56.2% of the total business-type assets and increased by \$0.5 million from the prior year. Business-Type Activities current and other assets increased by \$3.8 million from the prior year. Most of that increase is due to increase in cash and investments due to increased SDC collections, timber harvest net revenue, and retaining cash from utility collections for future capital projects.

The overall decrease in total net position is due primarily to changes related to the City's Defined Benefit Pension Plan's accruals.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)**

**STATEMENT OF ACTIVITIES for FISCAL YEARS ENDING JUNE 30, 2019 and 2018**

*(In thousands of dollars)*

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 9,872	\$ 9,816	\$ 27,984	\$ 26,265	\$ 37,856	\$ 36,081
Operating grants	2,287	1,654	-	-	2,287	1,654
Capital grants	3,171	4,637	1,096	1,753	4,267	6,390
General revenues:						
Taxes	10,034	9,404	-	-	10,034	9,404
Other	1,967	1,502	1,647	2,273	3,614	3,775
Total revenues	<u>27,331</u>	<u>27,013</u>	<u>30,727</u>	<u>30,291</u>	<u>58,058</u>	<u>57,304</u>
<b>EXPENSES:</b>						
General government	12,813	9,520	-	-	12,813	9,520
Public safety	15,024	10,834	-	-	15,024	10,834
Highways and streets	2,817	2,405	-	-	2,817	2,405
Culture and recreation	1,898	1,632	-	-	1,898	1,632
Power services	-	-	20,452	17,289	20,452	17,289
Sewer services	-	-	1,380	1,326	1,380	1,326
Water services	-	-	4,468	4,672	4,468	4,672
Surface water management	-	-	1,209	826	1,209	826
Interest on long-term debt	41	41	-	-	41	41
Total expenses	<u>32,593</u>	<u>24,432</u>	<u>27,509</u>	<u>24,113</u>	<u>60,102</u>	<u>48,545</u>
Change in net position before transfers	(5,262)	2,581	3,218	6,178	(2,044)	8,759
Transfers	<u>1,433</u>	<u>1,560</u>	<u>(1,433)</u>	<u>(1,560)</u>	-	-
Change in net position	(3,829)	4,141	1,785	4,618	(2,044)	8,759
Net position at beginning of year	46,285	42,656	69,445	65,006	115,730	107,662
Prior period adjustment	-	(512)	-	(179)	-	(691)
Net position at end of year	<u>\$ 42,456</u>	<u>\$ 46,285</u>	<u>\$ 71,230</u>	<u>\$ 69,445</u>	<u>\$ 113,686</u>	<u>\$ 115,730</u>

The City's total revenues were \$58.1 million which increased by 1.3% from 2018. The major sources of revenues are charges for services and governmental activities taxes, which account for 65.2% and 17.3% of total revenues, respectively. The total cost of all programs was \$60.1 million which is a 23.8% increase from 2018. Net position decreased by \$2.04 million or 1.8% from 2018 indicating an decrease in the City's overall financial position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental fund balances totaled \$32,019,889 at June 30, 2019, for an increase of \$3,079,518. Proprietary net position totaled \$71,229,729 at June 30, 2019, for an overall increase of \$1,784,871. The principal reasons for the changes are explained in the preceding section. A summary of changes in governmental and proprietary fund balances is as follows:

#### CHANGE IN GOVERNMENTAL FUND BALANCES

<u>Fund</u>	<u>Balance at June 30, 2019</u>	<u>Balance at June 30, 2018</u>	<u>Change</u>
General	\$ 7,666,833	\$ 7,673,758	\$ (6,925)
Street	1,451,779	1,359,004	92,775
Urban Renewal Agency	(1,716,371)	(1,872,099)	155,728
Transportation Development Tax	10,731,588	9,145,906	1,585,682
Non-major governmental	13,886,060	12,633,802	1,252,258
Totals	<u>\$ 32,019,889</u>	<u>\$ 28,940,371</u>	<u>\$ 3,079,518</u>

#### CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	<u>Balance at June 30, 2019</u>	<u>Balance at June 30, 2018</u>	<u>Change</u>
Light	\$ 19,763,780	\$ 20,994,191	\$ (1,230,411)
Sewer	12,028,550	11,839,198	189,352
Water	24,595,938	22,369,025	2,226,913
Surface Water Management	7,039,235	6,922,621	116,614
Non-major proprietary	7,802,226	7,319,823	482,403
Totals	<u>\$ 71,229,729</u>	<u>\$ 69,444,858</u>	<u>\$ 1,784,871</u>

### City Fund's Highlights

The fund balance in the General Fund decreased by \$6,925. Revenues from other governments and interest revenue were higher than expected but increases in expenditures driven by wages and benefits offset the increase in revenues. Other increases in governmental fund balances was primarily due to system development fees collected for parks and traffic impact and collection of other building-related fees.

The overall increase in proprietary net position is due to revenue from system development charges in the Water and Sewer Funds and revenue from user rates being held for future capital purchases.

### GENERAL FUND BUDGET

The only significant change in the General Fund budget during the year was to increase appropriations in the Fire Department by \$508,616 for unanticipated costs of responding to wildfires within other jurisdictions and a corresponding increase in intergovernmental resources for reimbursement of those costs. Total expenditures in the General Fund were \$2,297,151 less than total appropriations with no expenditures over appropriation in any category.

### CAPITAL ASSETS

At June 30, 2019, the City had \$81,682,491 invested in a broad range of capital assets, including land, buildings, equipment, utility systems, and intangible water rights. The City's capital assets, net of accumulated depreciation increased by \$1,254,119. More detailed information about the City's capital assets is presented in the notes to the financial statements.

### LONG TERM DEBT

At June 30, 2019, the City had \$5,455,593 in outstanding notes and contracts payable. The City has had no change in its credit rating of Aa3 from Moody's. Moody's last credit review was of the June 30, 2016, financial statements. More detailed information about the City's long term debt is presented in the notes to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Factors considered in preparing the City's General Fund budget for the 2019-20 fiscal year were, but not limited to the following:

- Residential development including multi-family housing continues to occur at good pace allowing the City's taxable assessed value to increase at 6.8% resulting in higher than projected property tax revenue. Smaller industrial development whose enterprise zone benefits continued to expire also helped the increase in taxable assessed value again this fiscal year. Residential development is expected to continue as new subdivisions are being proposed.
- The City continues to see an increase in multi-family and commercial development after years of little activity. The development continues to bring in significant system development charges but not a large increase in General Fund property taxes as most of this development is occurring in the City's urban renewal area. The City is collecting additional tax revenue from these developments for the General Fund from the Local Option Levy which is not included as part of the taxes received by the Urban Renewal Agency
- The City's five-year local option property tax levy is at the same rate for the remaining four years through June 30, 2023. The renewal of this levy is helping the City to maintain current service levels but does not provide new funding for increasing services.
- The largest impact on the City's operating budget continues to be the increased costs of the City's private defined benefit retirement plan. Increases in contributions to this plan are leveling off after four years of significant increases which resulted in the contributions increasing by \$2 million during the last four years from \$2.4 million to \$4.4 million. The City has changed actuarial assumptions including updating the mortality tables and has lowered the assumed rate of return from 7.25% to 6.00% over the past four years.
- Electric and water rates are expected to increase for the next several years as the City continues to address updating aging infrastructure for both of those utilities. The City is currently updating its Water Master Plan and will review the results of the plan and what effect the implementation of the plan will have on water rates.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the City's finances. If you have any questions about this report or need any clarification of information, please contact the Administrative Services Department at the City of Forest Grove. Our address is: PO Box 326, Forest Grove, Oregon 97116.

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF FOREST GROVE**

**STATEMENT OF NET POSITION  
June 30, 2019**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,367,042	\$ 23,921,780	\$ 53,288,822
Investments	5,103,253	4,164,287	9,267,540
Receivables, net	949,918	3,367,229	4,317,147
Inventory	-	689,641	689,641
Prepaid items	201,045	900	201,945
Investment in joint ventures	-	6,756,128	6,756,128
Capital assets:			
Land and construction in progress	9,590,958	1,339,600	10,930,558
Other capital assets, net	22,213,590	48,538,343	70,751,933
<b>TOTAL ASSETS</b>	<u>67,425,806</u>	<u>88,777,908</u>	<u>156,203,714</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	2,346,799	724,637	3,071,436
Other postemployment benefit related items	169,591	14,106	183,697
Excess of reacquisition price over carrying amount of refunded long-term obligations	-	24,024	24,024
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,516,390</u>	<u>762,767</u>	<u>3,279,157</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	682,036	2,267,776	2,949,812
Payroll related liabilities	300,140	100,316	400,456
Accrued interest payable	-	28,599	28,599
Deposits	7,418	63,627	71,045
Long-term obligations:			
Due within one year	906,154	994,829	1,900,983
Due in more than one year	23,539,229	14,051,763	37,590,992
<b>TOTAL LIABILITIES</b>	<u>25,434,977</u>	<u>17,506,910</u>	<u>42,941,887</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	1,767,249	709,131	2,476,380
Other postemployment benefit related items	284,247	94,905	379,152
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,051,496</u>	<u>804,036</u>	<u>2,855,532</u>
<b>NET POSITION</b>			
Net investment in capital assets	31,804,548	44,422,350	76,226,898
Restricted for:			
Highways and streets	1,479,214	-	1,479,214
Building operations	2,877,053	-	2,877,053
Community enhancement	61,282	-	61,282
Tourism	143,596	-	143,596
Capital projects	16,825,224	7,802,226	24,627,450
Other purposes	44,244	-	44,244
Unrestricted	(10,779,438)	19,005,153	8,225,715
<b>TOTAL NET POSITION</b>	<u>\$ 42,455,723</u>	<u>\$ 71,229,729</u>	<u>\$ 113,685,452</u>

*See accompanying notes*

**CITY OF FOREST GROVE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Totals
			Grants and Contributions	Grants and Contributions			
<b>Governmental activities</b>							
General government	\$ 12,813,242	\$ 8,066,132	\$ 15,927	\$ 735,155	\$ (3,996,028)		\$ (3,996,028)
Public safety	15,023,382	1,153,135	11,759	-	(13,858,488)		(13,858,488)
Highways and streets	2,817,067	170,940	2,141,570	1,837,344	1,332,787		1,332,787
Culture and recreation	1,897,970	480,958	117,442	598,789	(700,781)		(700,781)
Interest on long-term obligations	41,252	-	-	-	(41,252)		(41,252)
Total governmental activities	<u>32,592,913</u>	<u>9,871,165</u>	<u>2,286,698</u>	<u>3,171,288</u>	<u>(17,263,762)</u>		<u>(17,263,762)</u>
<b>Business-type activities</b>							
Light	20,451,948	20,211,597	-	-		\$ (240,351)	(240,351)
Sewer	1,380,373	1,574,614	-	174,689		368,930	368,930
Water	4,468,501	5,013,179	-	850,796		1,395,474	1,395,474
Surface water management	1,208,533	1,184,493	-	70,827		46,787	46,787
Total business-type activities	<u>27,509,355</u>	<u>27,983,883</u>	<u>-</u>	<u>1,096,312</u>		<u>1,570,840</u>	<u>1,570,840</u>
Totals	<u>\$ 60,102,268</u>	<u>\$ 37,855,048</u>	<u>\$ 2,286,698</u>	<u>\$ 4,267,600</u>	<u>(17,263,762)</u>	<u>1,570,840</u>	<u>(15,692,922)</u>
<b>General revenues</b>							
Property taxes, levied for:							
General purposes					8,909,772	-	8,909,772
Other					239,192	-	239,192
Franchise taxes					648,434	-	648,434
Transient room tax					114,047	-	114,047
Marijuana tax					122,131	-	122,131
Grants and contributions not restricted to specific programs					785,367	-	785,367
Unrestricted investment earnings					870,614	559,024	1,429,638
Rents					-	36,050	36,050
Miscellaneous					311,757	1,418,930	1,730,687
(Loss) on investment in joint ventures					-	(366,475)	(366,475)
<b>Transfers</b>					<u>1,433,498</u>	<u>(1,433,498)</u>	<u>-</u>
Total general revenues and transfers					<u>13,434,812</u>	<u>214,031</u>	<u>13,648,843</u>
Change in net position					(3,828,950)	1,784,871	(2,044,079)
Net position - beginning					<u>46,284,673</u>	<u>69,444,858</u>	<u>115,729,531</u>
Net position - ending					<u>\$ 42,455,723</u>	<u>\$ 71,229,729</u>	<u>\$ 113,685,452</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	General	Street	Urban Renewal	Transportation Development	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,433,030	\$ 1,294,680	\$ 293,930	\$ 9,140,428	\$ 10,169,030	\$ 27,331,098
Investments	1,119,858	225,377	51,167	1,591,160	1,761,275	4,748,837
Receivables, net	574,132	20,614	3,171	-	352,001	949,918
Due from other funds	-	-	-	-	2,062,561	2,062,561
Prepaid items	76,822	-	-	-	500	77,322
<b>TOTAL ASSETS</b>	<b>\$ 8,203,842</b>	<b>\$ 1,540,671</b>	<b>\$ 348,268</b>	<b>\$ 10,731,588</b>	<b>\$ 14,345,367</b>	<b>\$ 35,169,736</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 152,579	\$ 60,233	\$ -	\$ -	\$ 382,773	\$ 595,585
Payroll related liabilities	274,449	8,045	-	-	13,288	295,782
Deposits	-	-	-	-	7,418	7,418
Due to other funds	-	-	2,062,561	-	-	2,062,561
<b>TOTAL LIABILITIES</b>	<b>427,028</b>	<b>68,278</b>	<b>2,062,561</b>	<b>-</b>	<b>403,479</b>	<b>2,961,346</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	109,981	20,614	2,078	-	55,828	188,501
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>109,981</b>	<b>20,614</b>	<b>2,078</b>	<b>-</b>	<b>55,828</b>	<b>188,501</b>
<b>FUND BALANCES</b>						
Nonspendable	76,822	-	-	-	41,686	118,508
Restricted	-	1,451,779	-	10,731,588	9,184,946	21,368,313
Committed	-	-	-	-	739,221	739,221
Assigned	900,000	-	-	-	3,920,207	4,820,207
Unassigned	6,690,011	-	(1,716,371)	-	-	4,973,640
<b>TOTAL FUND BALANCES</b>	<b>7,666,833</b>	<b>1,451,779</b>	<b>(1,716,371)</b>	<b>10,731,588</b>	<b>13,886,060</b>	<b>32,019,889</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,203,842</b>	<b>\$ 1,540,671</b>	<b>\$ 348,268</b>	<b>\$ 10,731,588</b>	<b>\$ 14,345,367</b>	<b>\$ 35,169,736</b>

*See accompanying notes*

**CITY OF FOREST GROVE**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**June 30, 2019**

TOTAL FUND BALANCES PER BALANCE SHEET OF GOVERNMENTAL FUNDS      \$ 32,019,889

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.      31,804,548

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds      188,501

The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position      \$ 4,447,256

Compensated absences of the internal service fund included below	10,111	
Pension related liabilities, deferred outflows and deferred inflows	173,985	
Other postemployment benefit related liabilities, deferred outflows and deferred inflows	24,759	
Capital assets of the internal service fund included above	(2,232,837)	2,423,274

Deferred outflows related to the City's pension plan and other postemployment benefits plan are not current financial resources and therefore are not reported in the funds      2,516,390

Some liabilities, including compensated absences, net pension liability and other postemployment benefit liability, are not due and payable in the current period and, therefore, are not reported in the funds.      (24,445,383)

Deferred inflows related to the City's pension plan and other postemployment benefit plan are reported in the statement of net position but are not reported in the funds      (2,051,496)

NET POSITION OF GOVERNMENTAL ACTIVITIES      \$ 42,455,723

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019**

	General	Street	Urban Renewal	Transportation Development	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 9,154,854	\$ -	\$ 239,192	\$ -	\$ -	\$ 9,394,046
Other taxes	247,153	319,524	-	1,370,901	117,442	2,055,020
Licenses and permits	233,628	3,384	-	-	1,495,577	1,732,589
Intergovernmental	2,381,248	1,804,692	-	-	783,402	4,969,342
System development charges	-	-	-	-	523,315	523,315
Fees and fines	536,604	-	-	-	-	536,604
Franchise fees	648,434	-	-	-	-	648,434
Interest	282,443	25,231	7,433	214,781	290,426	820,314
Grants	18,749	-	-	-	353,236	371,985
Charges for services	4,566,465	165,970	-	-	368,148	5,100,583
Miscellaneous	227,546	294	-	-	118,260	346,100
<b>TOTAL REVENUES</b>	<u>18,297,124</u>	<u>2,319,095</u>	<u>246,625</u>	<u>1,585,682</u>	<u>4,049,806</u>	<u>26,498,332</u>
<b>EXPENDITURES</b>						
Current						
General government	6,637,991	-	49,645	-	1,073,138	7,760,774
Public safety	10,426,680	-	-	-	4,638	10,431,318
Highways and streets	-	1,341,234	-	-	510,202	1,851,436
Culture and recreation	1,438,957	-	-	-	25,679	1,464,636
Capital outlay	11,247	885,086	-	-	2,177,908	3,074,241
Debt service	-	-	41,252	-	-	41,252
<b>TOTAL EXPENDITURES</b>	<u>18,514,875</u>	<u>2,226,320</u>	<u>90,897</u>	<u>-</u>	<u>3,791,565</u>	<u>24,623,657</u>
Excess (deficiency) of revenues over expenditures	<u>(217,751)</u>	<u>92,775</u>	<u>155,728</u>	<u>1,585,682</u>	<u>258,241</u>	<u>1,874,675</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	-	-	-	-	67,500	67,500
Transfers in	1,461,957	-	-	-	1,267,000	2,728,957
Transfers out	(1,251,131)	-	-	-	(340,483)	(1,591,614)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>210,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>994,017</u>	<u>1,204,843</u>
Net change in fund balances	(6,925)	92,775	155,728	1,585,682	1,252,258	3,079,518
Fund balances at beginning of year	<u>7,673,758</u>	<u>1,359,004</u>	<u>(1,872,099)</u>	<u>9,145,906</u>	<u>12,633,802</u>	<u>28,940,371</u>
Fund balances at end of year	<u>\$ 7,666,833</u>	<u>\$ 1,451,779</u>	<u>\$ (1,716,371)</u>	<u>\$ 10,731,588</u>	<u>\$ 13,886,060</u>	<u>\$ 32,019,889</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2019**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 3,079,518
<i>Amounts reported for governmental activities in the statement of activities are different because of the following:</i>		
Governmental funds report capital outlays as expenditures. However, governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:		
Capitalized expenditures	\$ 2,207,312	
Depreciation	<u>(1,493,053)</u>	714,259
The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		(19,080)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:		
Property taxes	(245,082)	
Accounts	6,161	
Assessments	<u>(1,131)</u>	(240,052)
In the statement of activities, the changes in net pension liability, deferred inflows of resources, and deferred outflows of resources related to the City's defined benefit retirement plan and PERS are reported as additional expenses for increases and a reduction of expenses for decreases		(7,078,867)
In the statement of activities, the changes in other postemployment benefit liability, deferred inflows of resources and deferred outflows of resources related to the City's other postemployment benefit plan are reported as additional expenses for increases and a reduction of expenses for decreases		(246,574)
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		(62,414)
Net income of internal service funds after eliminating transfers and income reported above		<u>24,260</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (3,828,950)</u></b>

*See accompanying notes*

**CITY OF FOREST GROVE**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 8,808,207	\$ 8,808,207	\$ 9,154,854	\$ 346,647
Transient room tax	113,000	113,000	114,047	1,047
Marijuana tax	-	-	122,131	122,131
Licenses and permits	155,810	155,810	233,628	77,818
Intergovernmental	2,263,279	2,771,895	2,381,248	(390,647)
Construction excise tax	12,500	12,500	10,975	(1,525)
Fees and fines	491,300	491,300	536,604	45,304
Franchise fees	671,048	671,048	648,434	(22,614)
Interest	225,000	225,000	282,379	57,379
Grants	19,997	19,997	18,749	(1,248)
Charges for services	4,559,866	4,559,866	4,565,398	5,532
Miscellaneous	184,481	184,481	227,546	43,065
<b>TOTAL REVENUES</b>	<b>17,504,488</b>	<b>18,013,104</b>	<b>18,295,993</b>	<b>282,889</b>
<b>EXPENDITURES</b>				
Legislative and executive	624,268	624,268	606,405	17,863
Administrative services	3,162,637	3,162,637	2,986,119	176,518
Library	1,290,038	1,290,038	1,242,508	47,530
Planning	499,936	499,936	450,383	49,553
Fire	4,537,402	5,046,018	4,543,179	502,839
Engineering	994,632	994,632	943,282	51,350
Police	6,306,171	6,306,171	5,891,210	414,961
Aquatics	726,587	726,587	691,139	35,448
Parks and recreation	746,791	751,791	747,818	3,973
Municipal court	414,948	414,948	412,832	2,116
Contingency	1,000,000	995,000	-	995,000
<b>TOTAL EXPENDITURES</b>	<b>20,303,410</b>	<b>20,812,026</b>	<b>18,514,875</b>	<b>2,297,151</b>
Excess (deficiency) of revenues over expenditures	<b>(2,798,922)</b>	<b>(2,798,922)</b>	<b>(218,882)</b>	<b>2,580,040</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,462,207	1,462,207	1,461,957	(250)
Transfers out	(1,250,000)	(1,250,000)	(1,250,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>212,207</b>	<b>212,207</b>	<b>211,957</b>	<b>(250)</b>
Net change in fund balance	(2,586,715)	(2,586,715)	(6,925)	2,579,790
Fund balance at beginning of year	7,567,914	7,567,914	7,673,758	105,844
Fund balance at end of year	<b>\$ 4,981,199</b>	<b>\$ 4,981,199</b>	<b>\$ 7,666,833</b>	<b>\$ 2,685,634</b>

*See accompanying notes*

**CITY OF FOREST GROVE**

**STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Vehicle registration tax	\$ -	\$ 319,524	\$ 319,524
Licenses and permits	-	3,384	3,384
Intergovernmental	2,096,904	1,804,692	(292,212)
Interest	12,000	25,231	13,231
Charges for services	150,000	165,970	15,970
Miscellaneous	-	294	294
	<u>2,258,904</u>	<u>2,319,095</u>	<u>60,191</u>
<b>TOTAL REVENUES</b>			
	<u>2,258,904</u>	<u>2,319,095</u>	<u>60,191</u>
<b>EXPENDITURES</b>			
Street services	2,436,471	2,226,320	210,151
Contingency	100,000	-	100,000
	<u>2,536,471</u>	<u>2,226,320</u>	<u>310,151</u>
<b>TOTAL EXPENDITURES</b>			
	<u>2,536,471</u>	<u>2,226,320</u>	<u>310,151</u>
Net change in fund balance	(277,567)	92,775	370,342
Fund balance at beginning of year	<u>1,373,228</u>	<u>1,359,004</u>	<u>(14,224)</u>
Fund balance at end of year	<u>\$ 1,095,661</u>	<u>\$ 1,451,779</u>	<u>\$ 356,118</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**URBAN RENEWAL FUND**

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

**For the Year Ended June 30, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Property taxes	\$ 211,874	\$ 239,192	\$ 27,318
Interest	<u>3,000</u>	<u>7,433</u>	<u>4,433</u>
<b>TOTAL REVENUES</b>	<u>214,874</u>	<u>246,625</u>	<u>31,751</u>
<b>EXPENDITURES</b>			
Materials and services	358,930	49,645	309,285
Debt service	<u>41,252</u>	<u>41,252</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>400,182</u>	<u>90,897</u>	<u>309,285</u>
Net change in fund balance	(185,308)	155,728	341,036
Fund balance at beginning of year	<u>185,308</u>	<u>190,462</u>	<u>5,154</u>
Fund balance at end of year	<u>\$ -</u>	346,190	<u>\$ 346,190</u>

***Reconciliation to generally accepted accounting principles***

Advances from other funds	<u>(2,062,561)</u>
	<u>\$ (1,716,371)</u>

*See accompanying notes*

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-type Activities						Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total	Total	Internal	
					Nonmajor Funds	Enterprise Funds	Service	Funds
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	\$ 4,093,962	\$ 3,253,065	\$ 8,934,088	\$ 723,173	\$ 6,917,492	\$ 23,921,780	\$ 2,035,944	
Investments	712,674	566,291	1,555,240	125,890	1,204,192	4,164,287	354,416	
Receivables, net	1,909,457	646,820	642,215	167,703	1,034	3,367,229	-	
Inventory	508,571	11,150	169,920	-	-	689,641	-	
Prepaid expense	900	-	-	-	-	900	123,723	
Total current assets	<u>7,225,564</u>	<u>4,477,326</u>	<u>11,301,463</u>	<u>1,016,766</u>	<u>8,122,718</u>	<u>32,143,837</u>	<u>2,514,083</u>	
Investment in joint ventures	-	-	6,756,128	-	-	6,756,128	-	
Capital assets and intangibles								
Land	721,722	81,022	473,614	-	-	1,276,358	-	
Construction in progress	63,242	-	-	-	-	63,242	-	
Other capital assets and intangibles, net	22,650,143	8,721,897	10,395,589	6,770,714	-	48,538,343	2,232,837	
Total capital assets	<u>23,435,107</u>	<u>8,802,919</u>	<u>10,869,203</u>	<u>6,770,714</u>	<u>-</u>	<u>49,877,943</u>	<u>2,232,837</u>	
<b>TOTAL ASSETS</b>	<u>30,660,671</u>	<u>13,280,245</u>	<u>28,926,794</u>	<u>7,787,480</u>	<u>8,122,718</u>	<u>88,777,908</u>	<u>4,746,920</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Pension related items	493,987	52,415	126,705	51,530	-	724,637	14,363	
Other postemployment benefit related items	8,335	837	3,193	1,741	-	14,106	725	
Excess of reacquisition price over carrying amount of refunded long-term obligations	-	-	24,024	-	-	24,024	-	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>502,322</u>	<u>53,252</u>	<u>153,922</u>	<u>53,271</u>	<u>-</u>	<u>762,767</u>	<u>15,088</u>	
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable and accrued liabilities	1,104,120	1,698	201,306	11,292	279,424	1,597,840	86,451	
Payroll related liabilities	66,322	4,730	23,003	6,261	-	100,316	4,358	
Accrued interest payable	19,469	-	9,130	-	-	28,599	-	
Customer deposits	63,627	-	-	-	-	63,627	-	
Due to Clean Water Services	-	581,784	-	47,084	41,068	669,936	-	
Current portion of long-term obligations	437,050	-	557,779	-	-	994,829	10,111	
Total current liabilities	<u>1,690,588</u>	<u>588,212</u>	<u>791,218</u>	<u>64,637</u>	<u>320,492</u>	<u>3,455,147</u>	<u>100,920</u>	
Long-term obligations								
Bonds and loans	2,938,000	-	1,919,877	-	-	4,857,877	-	
Other postemployment benefit liability	236,822	23,783	90,704	49,450	-	400,759	20,605	
Net pension liability	5,994,303	636,027	1,537,505	625,292	-	8,793,127	174,292	
Total long-term obligations	<u>9,169,125</u>	<u>659,810</u>	<u>3,548,086</u>	<u>674,742</u>	<u>-</u>	<u>14,051,763</u>	<u>194,897</u>	
<b>TOTAL LIABILITIES</b>	<u>10,859,713</u>	<u>1,248,022</u>	<u>4,339,304</u>	<u>739,379</u>	<u>320,492</u>	<u>17,506,910</u>	<u>295,817</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Pension related items	483,417	51,293	123,994	50,427	-	709,131	14,056	
Other postemployment benefit related items	56,083	5,632	21,480	11,710	-	94,905	4,879	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>539,500</u>	<u>56,925</u>	<u>145,474</u>	<u>62,137</u>	<u>-</u>	<u>804,036</u>	<u>18,935</u>	
<b>NET POSITION</b>								
Net investment in capital assets	20,268,107	8,802,919	8,580,610	6,770,714	-	44,422,350	2,232,837	
Restricted for capital projects	-	-	-	-	7,802,226	7,802,226	-	
Unrestricted	(504,327)	3,225,631	16,015,328	268,521	-	19,005,153	2,214,419	
<b>TOTAL NET POSITION</b>	<u>\$ 19,763,780</u>	<u>\$ 12,028,550</u>	<u>\$ 24,595,938</u>	<u>\$ 7,039,235</u>	<u>\$ 7,802,226</u>	<u>\$ 71,229,729</u>	<u>\$ 4,447,256</u>	

*See accompanying notes*

**CITY OF FOREST GROVE**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2019**

	Business-type Activities				Governmental Activities		
	Light	Sewer	Water	Surface Water Management	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>							
Charges for services	\$ 19,730,244	\$ 1,574,614	\$ 5,008,379	\$ 1,182,410	\$ -	\$ 27,495,647	\$ 1,824,356
Conservation incentive	422,325	-	-	-	-	422,325	-
Licenses, permits, and fees	59,028	-	4,800	2,083	-	65,911	-
<b>TOTAL OPERATING REVENUES</b>	<u>20,211,597</u>	<u>1,574,614</u>	<u>5,013,179</u>	<u>1,184,493</u>	<u>-</u>	<u>27,983,883</u>	<u>1,824,356</u>
<b>OPERATING EXPENSES</b>							
System operation and maintenance	5,975,388	395,032	2,116,944	577,565	150,094	9,215,023	1,901,280
Electricity purchases	10,885,036	-	-	-	-	10,885,036	-
General fund administration charges	1,525,714	688,216	1,242,154	395,373	-	3,851,457	2,794
General and administrative costs	393,998	28,000	501,920	13,649	-	937,567	-
Depreciation and amortization	826,597	269,125	442,968	178,939	-	1,717,629	319,796
<b>TOTAL OPERATING EXPENSES</b>	<u>19,606,733</u>	<u>1,380,373</u>	<u>4,303,986</u>	<u>1,165,526</u>	<u>150,094</u>	<u>26,606,712</u>	<u>2,223,870</u>
<b>OPERATING INCOME (LOSS)</b>	<u>604,864</u>	<u>194,241</u>	<u>709,193</u>	<u>18,967</u>	<u>(150,094)</u>	<u>1,377,171</u>	<u>(399,514)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest earned	73,542	75,985	232,305	3,242	173,950	559,024	50,300
Interest	(80,598)	-	(57,428)	-	-	(138,026)	-
Rents	-	-	36,050	-	-	36,050	-
Miscellaneous	65,710	-	1,353,220	-	-	1,418,930	89,678
Gain (loss) on sale of capital assets	(764,617)	-	-	-	-	(764,617)	(12,359)
(Loss) on investment in joint ventures	-	-	(366,475)	-	-	(366,475)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(705,963)</u>	<u>75,985</u>	<u>1,197,672</u>	<u>3,242</u>	<u>173,950</u>	<u>744,886</u>	<u>127,619</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(101,099)</u>	<u>270,226</u>	<u>1,906,865</u>	<u>22,209</u>	<u>23,856</u>	<u>2,122,057</u>	<u>(271,895)</u>
Capital contributions	-	-	-	-	1,096,312	1,096,312	-
Transfers in	-	-	636,365	150,000	-	786,365	336,155
Transfers out	(1,129,312)	(80,874)	(316,317)	(55,595)	(637,765)	(2,219,863)	(40,000)
<b>Change in net position</b>	<u>(1,230,411)</u>	<u>189,352</u>	<u>2,226,913</u>	<u>116,614</u>	<u>482,403</u>	<u>1,784,871</u>	<u>24,260</u>
Net position at beginning of year	<u>20,994,191</u>	<u>11,839,198</u>	<u>22,369,025</u>	<u>6,922,621</u>	<u>7,319,823</u>	<u>69,444,858</u>	<u>4,422,996</u>
<b>Net position at end of year</b>	<u>\$ 19,763,780</u>	<u>\$ 12,028,550</u>	<u>\$ 24,595,938</u>	<u>\$ 7,039,235</u>	<u>\$ 7,802,226</u>	<u>\$ 71,229,729</u>	<u>\$ 4,447,256</u>

*See accompanying notes*

**CITY OF FOREST GROVE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2019**

	Business-type Activities						Governmental Activities
	Light	Sewer	Water	Surface Water Management	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from customers	\$ 20,132,024	\$ 1,615,951	\$ 4,985,221	\$ 1,179,763	\$ 51	\$ 27,913,010	\$ 1,824,356
Cash paid to employees	(3,719,778)	(316,735)	(1,033,651)	(533,420)	-	(5,603,584)	(226,086)
Cash paid to suppliers	(12,675,433)	(599,433)	(2,786,538)	(239,517)	131,295	(16,169,626)	(1,555,901)
Net cash provided by (used in) operating activities	<u>3,736,813</u>	<u>699,783</u>	<u>1,165,032</u>	<u>406,826</u>	<u>131,346</u>	<u>6,139,800</u>	<u>42,369</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>							
Transfers in	-	-	-	150,000	-	150,000	222,395
Transfers out	(1,129,312)	(80,874)	(316,317)	(55,595)	(1,400)	(1,583,498)	(40,000)
Net cash provided by (used in) non-capital financing activities	<u>(1,129,312)</u>	<u>(80,874)</u>	<u>(316,317)</u>	<u>94,405</u>	<u>(1,400)</u>	<u>(1,433,498)</u>	<u>182,395</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Transfers in	-	-	-	-	-	-	113,760
Sale of capital assets	-	-	-	-	-	-	79,610
Capital contributions	-	-	-	-	1,096,312	1,096,312	-
Other	65,710	-	1,389,270	-	-	1,454,980	89,678
Acquisition of capital assets	(2,058,708)	(243,408)	(384,493)	(309,260)	-	(2,995,869)	(457,082)
Principal paid on long-term obligations	(224,000)	-	(352,867)	-	-	(576,867)	-
Interest paid on long-term obligations	(81,975)	-	(80,688)	-	-	(162,663)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,298,973)</u>	<u>(243,408)</u>	<u>571,222</u>	<u>(309,260)</u>	<u>1,096,312</u>	<u>(1,184,107)</u>	<u>(174,034)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest	73,542	75,985	232,305	3,242	173,950	559,024	50,300
Investments in joint ventures	-	-	-	-	(636,365)	(636,365)	-
Purchases of investments	(453,617)	(369,103)	(1,052,137)	(87,607)	(759,086)	(2,721,550)	(220,377)
Net cash provided by (used in) investing activities	<u>(380,075)</u>	<u>(293,118)</u>	<u>(819,832)</u>	<u>(84,365)</u>	<u>(1,221,501)</u>	<u>(2,798,891)</u>	<u>(170,077)</u>
Net increase (decrease) in cash and cash equivalents	(71,547)	82,383	600,105	107,606	4,757	723,304	(119,347)
Cash and cash equivalents at beginning of year	4,165,509	3,170,682	8,333,983	615,567	6,912,735	23,198,476	2,155,291
Cash and cash equivalent at end of year	<u>\$ 4,093,962</u>	<u>\$ 3,253,065</u>	<u>\$ 8,934,088</u>	<u>\$ 723,173</u>	<u>\$ 6,917,492</u>	<u>\$ 23,921,780</u>	<u>\$ 2,035,944</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>							
Operating income (loss)	\$ 604,864	\$ 194,241	\$ 709,193	\$ 18,967	\$ (150,094)	\$ 1,377,171	\$ (399,514)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization	826,597	269,125	442,968	178,939	-	1,717,629	319,796
Decrease (increase) in assets and deferred outflows							
Receivables, net	(83,899)	(31,293)	(27,958)	(10,961)	51	(154,060)	-
Inventory	47,752	(2,900)	(19,967)	-	-	24,885	-
Prepaid expense	-	-	165	-	-	165	6,182
Pension related items	1,233,069	134,422	352,390	136,320	-	1,856,201	32,940
Other postemployment benefit items	80	430	294	(171)	-	633	(38)
Increase (decrease) in liabilities and deferred inflows							
Accounts payable and accrued liabilities	238,789	(1,867)	(403,791)	7,198	279,424	119,753	45,660
Payroll related liabilities	13,496	1,438	1,556	(559)	-	15,931	942
Customer deposits	4,326	-	-	-	-	4,326	-
Due to Clean Water Services	-	72,630	-	6,231	1,965	80,826	-
Compensated absences payable	15,068	-	18,857	-	-	33,925	(531)
Net pension liability	340,183	24,351	(30,979)	10,299	-	343,854	19,428
Other postemployment benefit liability	(13,691)	(13,943)	(13,088)	2,721	-	(38,001)	144
Pension related items	468,326	49,660	119,808	48,786	-	686,580	13,643
Other postemployment benefit items	41,853	3,489	15,584	9,056	-	69,982	3,717
Net cash provided by (used in) operating activities	<u>\$ 3,736,813</u>	<u>\$ 699,783</u>	<u>\$ 1,165,032</u>	<u>\$ 406,826</u>	<u>\$ 131,346</u>	<u>\$ 6,139,800</u>	<u>\$ 42,369</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>							
Transfers in	\$ -	\$ -	\$ 636,365	\$ -	\$ -	\$ 636,365	\$ -
Transfers out	-	-	-	-	(636,365)	(636,365)	-
Total noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636,365</u>	<u>\$ -</u>	<u>\$ (636,365)</u>	<u>\$ -</u>	<u>\$ -</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2019**

	City of Forest Grove Retirement Plan Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 367,390	\$ 215,592
Investments	48,695,798	-
Contributions receivable	<u>105,686</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>49,168,874</u>	<u>215,592</u>
<b>LIABILITIES</b>		
Amounts held in trust	<u>-</u>	<u>\$ 215,592</u>
<b>NET POSITION</b>		
Restricted for pension	<u>\$ 49,168,874</u>	

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND**

**For the Year Ended June 30, 2019**

	<u>City of Forest Grove Retirement Plan Trust Fund</u>
<b>ADDITIONS</b>	
Employer contributions	\$ 3,963,084
Investment earnings	<u>3,840,347</u>
Total additions	<u>7,803,431</u>
<b>DEDUCTIONS</b>	
Benefits	2,296,044
Administrative expenses	<u>75,104</u>
Total deductions	<u>2,371,148</u>
Change in net position	5,432,283
Net position - beginning of year	<u>43,736,591</u>
Net position - end of year	<u>\$ 49,168,874</u>

*See accompanying notes*

## CITY OF FOREST GROVE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

#### 1. Summary of significant accounting policies

##### A. Reporting entity

The City was incorporated in 1872. The City provides basic services to the citizens within the city limits.

The city council, comprised of the mayor and six council members, forms the legislative branch of the government. Individual departments are under the direction and authority of the city manager, who is appointed by the city council.

The accompanying financial statements present all activities and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council serves as the governing board of the Forest Grove Urban Renewal Agency. Therefore, the accounts of the agency are included in the financial statements of the City.

Complete financial statements for the Forest Grove Urban Renewal Agency may be obtained from the City's finance department.

##### B. Government-wide financial statements and financial statement presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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 connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

*General* – accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations and planning and community development.

*Street* – accounts for the building and maintaining of streets and related infrastructure within the City. The principal revenue source is state gasoline taxes apportioned by the State of Oregon.

*Urban renewal* – accounts for projects identified in the Urban Renewal agency plan. The principal revenue source is property taxes.

*Transportation development tax* – accounts for improvements to the City's transportation network to meet the impacts of growth. The principal revenue source is transportation development taxes.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

The City reports the following major proprietary funds:

*Light* – accounts for the revenues and expenditures of the City's electric utility operations.

*Sewer* – accounts for the operations of the City's sewer, which is financed primarily through user charges to the general public.

*Water* – accounts for the operations of the City's water utility which is financed primarily through fees.

*Surface Water Management* – accounts for the operations of the City's surface water management, which is financed primarily through fees.

The City also includes the following fund types as nonmajor governmental funds and nonmajor proprietary funds:

*Special revenue* – accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

*Debt service* – accounts for the payment of principal and interest on long-term obligations.

*Capital projects* – accounts for revenue derived primarily from property taxes and state gas tax apportionments which are designated for the construction of specific projects.

*Permanent* – accounts for resources contributed to the City for specific purposes the corpus of which cannot be expended.

*Enterprise* – accounts for the operations of predominately self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

*Internal service* – accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

#### D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The City begins its budgeting process by appointing budget committee members in January or February each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Disbursement appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

The resolution authorizing appropriations for each fund sets the level at which disbursements cannot legally exceed appropriations. The City established the levels of budgetary control for the General Fund at the department level along with transfers and contingencies, while all other funds are appropriated at the personal services, materials and services, capital outlay, operating contingencies, interfund transactions, debt service, and all other requirement levels.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The city council must authorize all appropriation transfers and supplementary budgetary appropriations.

#### E. 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.

#### F. Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

#### G. User charges and fines

User charges are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are not expected to be collected.

The City has uncollected municipal court fines and fees, however due to the uncertainty of collection these amounts are not reported in the financial statements. The City maintains a listing of receivables they believe are uncollectible as of June 30, 2019.

#### H. Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### I. Capital assets

##### Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

##### Government-wide statements

Capital assets are recorded at amounts estimated by the City and adjusted by estimated amounts for accumulated depreciation in the statement of net position and depreciation expense in the statement of activities.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets in business-type activities is included as part of the capitalized value of the asset constructed. Net revenue bond interest cost incurred during the construction period is capitalized when material.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Equipment	3 - 15
Building	10 - 40
Infrastructure	40 - 50

#### J. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over that life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### K. Compensated absences

##### *i. Vacation leave*

The City has a policy which permits employees to earn vacation leave. Any leave not used or forfeited will be paid upon the employee's termination of employment.

##### *ii. Sick leave*

The City has a policy which permits employees to earn sick leave. The City does not compensate the employees for unused sick leave upon termination of employment.

#### L. 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, deferred outflows of resources, 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, pension related items, and other postemployment benefit 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, deferred inflows of resources, represents amount that apply to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items and other postemployment benefit related items which are amortized over specified periods are reported as deferred inflows of resources.

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

#### M. Retirement plans

Substantially all of the City's employees are participants in one of three retirement plans offered by the City depending on the eligibility requirements of each plan. The three plans are: the City of Forest Grove Retirement Plan (the Plan), the City of Forest Grove Defined Contribution Plan (the DC Plan), and the Oregon Public Employees Retirement System (OPERS). The City Council has the authority for establishing or amending provisions to the Plan or the DC Plan.

Contributions to the Plan are made on a current basis as required by the Plan. The assets of the Plan are invested in various mutual funds. The City pays the administrative expenses of the Plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of the Plan and additions to/deductions from the net position of the Plan have been determined on the same basis as reported by the Plan. 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

Contributions to the DC Plan and OPERS are made by the City as required by the DC Plan and OPERS and are charged to expenditures or expenses when due and the employer has made a formal commitment to provide the contribution. The participants in DC Plan determine how their individual contributions are invested. OPERS invests the contributions to OPERS.

See the detailed footnotes for more information about the various plans.

#### N. Other postemployment benefits

The other postemployment benefits liability for the City of Forest Grove Other Postemployment Benefits Plan and the Northwest Firefighters Relief Association Health Trust are based on actuarial valuations. See the detailed footnotes for more information about the plans.

#### O. Equity classification

##### Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

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

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

In the government-wide and proprietary fund financial statements when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

##### Governmental fund type fund balance reporting

Governmental type fund balance amounts are to be reported within one of the fund balance categories list below:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the city council. The city council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the city council.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Manager or Director of Administrative Services has authority to assign fund balance amounts.

*Unassigned* – The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements 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 provided otherwise in commitment or assignment actions.

### 2. Reconciliation of generally accepted accounting principles to budgetary basis

The budget of the City is prepared differently from accounting principles generally accepted in the United States of America. Therefore, the statements of revenues, expenditures and changes in fund balances (budgetary basis) – budget and actual for governmental funds are presented on the budgetary basis and are adjusted to the statement of revenues, expenditures and changes in fund balances - governmental funds in accordance with accounting principles generally accepted in the United States of America. 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 for the aforementioned financial statements:

	<u>General</u>
Net change in fund balances - generally accepted accounting principles basis	\$ (6,925)
<b>Revenues:</b>	
Revenues of separately budgeted funds which are included in the general fund on the governmental fund statements	(1,131)
<b>Other financing sources (uses):</b>	
Transfers out of separately budgeted funds which are included in the general fund on the governmental fund statements	<u>1,131</u>
Net change in fund balances - budgetary basis	<u>\$ (6,925)</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Reconciliation of generally accepted accounting principles to budgetary basis (continued)

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:

	<u>Urban Renewal</u>
Beginning fund balances - generally accepted accounting principles basis	\$ (1,872,099)
Beginning balances of separately budgeted funds which are included in the general fund on the governmental fund statements	-
Interfund loan	<u>2,062,561</u>
Beginning fund balance - budgetary basis	<u>\$ 190,462</u>
Ending fund balances - generally accepted accounting principles basis	\$ (1,716,371)
Interfund loan	<u>2,062,561</u>
Ending fund balance - budgetary basis	<u>\$ 346,190</u>

### 3. Cash, cash equivalents and investments

The City's cash, cash equivalents and investments at June 30, 2019 are as follow:

Cash and cash equivalents	
Deposits with financial institutions	\$ 5,057,066
State of Oregon Local Government Investment Pool	48,305,313
Cash on hand	1,590
Money markets	<u>507,835</u>
Total cash and cash equivalents	<u>\$ 53,871,804</u>
Investments	
Certificates of deposit	\$ 266,580
US government agencies	9,000,960
Mutual funds	<u>48,695,798</u>
Total investments	<u>\$ 57,963,338</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 3. Cash, cash equivalents and investments (continued)

The City maintains a pool of cash, cash equivalents and investments that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents and investments. Interest earned on pooled cash, cash equivalents and investments is allocated to participating funds based upon their combined cash and investment balances.

#### A. Deposits with financial institutions

*Custodial Credit Risk – Deposits:* This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2019, none of the City's bank balances were exposed to custodial credit risk.

#### B. State of Oregon Local Government Investment Pool

Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

#### C. Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
Certificates of deposits	Not Rated	\$ 266,580	0.46%	14
Mutual funds	Not Rated	48,695,798	84.01%	N/A
US government agencies	Not Rated	<u>9,000,960</u>	15.53%	7
Total investments		<u>\$ 57,963,338</u>		

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 3. Cash, cash equivalents and investments (continued)

*Credit Risk:* Oregon statutes 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 state treasurer's investment pool. Additionally, the City's pension trust may invest in equity securities and mutual funds.

*Concentration of Credit Risk:* The City's policy for investing in individual issuers varies depending on the type of investments. The total portfolio has restrictions on the total amount that may be invested with a single issuer: 33 percent for U.S. agency securities, 10 percent for bankers' acceptances, 5 percent for commercial paper or corporate bonds, 25 percent for repurchase agreements, and 10 percent for the states of Oregon, California, Idaho and Washington.

*Interest Rate Risk:* The City has a formal investment policy to limit exposure to losses arising from rising interest rates. Investment types are limited to a maximum percent of the portfolio (see table below) and also must not directly invest in securities maturing in more than 36 months (unless matched to a specific cash flow) and the average weighted maturity of the portfolio may not exceed 18 months.

<u>Investment Type</u>	<u>Max % of Portfolio</u>
U.S. Treasuries	100%
U.S. government agency	50%
LGIP	100%
Certificates of deposit	10%
Banker's acceptances	10%
Repurchase agreement	15%

*Portfolio Credit Rating:* The City does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

*Custodial Credit Risk – Investments:* This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

*Fair Value Measurements:* The City categorizes its fair value measurements with 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.

The City's investment in equities and mutual funds are measured using level 1 inputs and US Agencies and corporate and municipal bonds and certificates of deposit are measured using level 2 inputs.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. Receivables

	Governmental Activities/Funds				Business-type Activities/Enterprise Funds					Totals
	General	Street	Urban Renewal	Nonmajor	Light	Sewer	Water	Surface Water Management	Nonmajor	
Property taxes	\$ 147,219	\$ -	\$ 3,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,390
Accounts	426,913	-	-	342,870	90,498	-	2,095	-	1,034	863,410
Assessments	-	-	-	8,191	-	-	-	-	-	8,191
User charges	-	20,614	-	-	1,989,160	666,188	674,693	172,537	-	3,523,192
Interest	-	-	-	940	-	-	-	-	-	940
Allowance for doubtful accounts	-	-	-	-	(170,201)	(19,368)	(34,573)	(4,834)	-	(228,976)
	<u>\$ 574,132</u>	<u>\$ 20,614</u>	<u>\$ 3,171</u>	<u>\$ 352,001</u>	<u>\$ 1,909,457</u>	<u>\$ 646,820</u>	<u>\$ 642,215</u>	<u>\$ 167,703</u>	<u>\$ 1,034</u>	<u>\$ 4,317,147</u>

### 5. Capital assets

A. Activity for governmental activities for the year ended June 30, 2019 was as follows:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Capital assets not being depreciated				
Land and land improvements	\$ 9,004,825	\$ 38,913	\$ -	\$ 9,043,738
Construction in progress	388,604	295,664	(137,048)	547,220
Total capital assets not being depreciated	<u>9,393,429</u>	<u>334,577</u>	<u>(137,048)</u>	<u>9,590,958</u>
Capital assets being depreciated				
Buildings and improvements	12,482,062	888,092	-	13,370,154
Machinery and equipment	9,377,984	712,545	(704,032)	9,386,497
Infrastructure	28,617,473	866,230	-	29,483,703
Total capital assets being depreciated	<u>50,477,519</u>	<u>2,466,867</u>	<u>(704,032)</u>	<u>52,240,354</u>
Less accumulated depreciation				
Buildings and improvements	7,812,917	227,949	-	8,040,866
Machinery and equipment	5,234,366	631,434	(592,981)	5,272,819
Infrastructure	15,759,613	953,466	-	16,713,079
Total accumulated depreciation	<u>28,806,896</u>	<u>1,812,849</u>	<u>(592,981)</u>	<u>30,026,764</u>
Total capital assets being depreciated, net	<u>21,670,623</u>	<u>654,018</u>	<u>(111,051)</u>	<u>22,213,590</u>
Governmental activities capital assets, net	<u>\$ 31,064,052</u>	<u>\$ 988,595</u>	<u>\$ (248,099)</u>	<u>\$ 31,804,548</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. Capital assets (continued)

B. Activity for business-type activities for the year ended June 30, 2019 was as follows:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Capital assets not being depreciated				
Land	\$ 1,276,359	\$ -	\$ -	\$ 1,276,359
Work in progress	2,971,136	2,024,920	(4,932,815)	63,241
Total capital assets not being depreciated	<u>4,247,495</u>	<u>2,024,920</u>	<u>(4,932,815)</u>	<u>1,339,600</u>
Capital assets, being depreciated and amortized				
Buildings and improvements	10,936,867	3,341,759	(1,582,418)	12,696,208
Machinery and equipment	29,362,075	1,808,070	(657,498)	30,512,647
Infrastructure	44,615,689	753,932	-	45,369,621
Intangible-water rights	1,707,484	-	-	1,707,484
Total capital assets, being depreciated and amortized	<u>86,622,115</u>	<u>5,903,761</u>	<u>(2,239,916)</u>	<u>90,285,960</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	5,320,881	208,054	(1,048,767)	4,480,168
Machinery and equipment	13,067,036	748,663	(426,535)	13,389,164
Infrastructure	21,812,703	718,135	-	22,530,838
Intangible-water rights	1,304,670	42,777	-	1,347,447
Total accumulated depreciation and amortization	<u>41,505,290</u>	<u>1,717,629</u>	<u>(1,475,302)</u>	<u>41,747,617</u>
Total capital assets, being depreciated and amortized, net	<u>45,116,825</u>	<u>4,186,132</u>	<u>(764,614)</u>	<u>48,538,343</u>
Business-type activities capital assets, net	<u>\$ 49,364,320</u>	<u>\$ 6,211,052</u>	<u>\$ (5,697,429)</u>	<u>\$ 49,877,943</u>

C. Depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 427,452
Public safety	183,430
Highways and streets	887,315
Culture and recreation	314,652
Total governmental activities	<u>\$ 1,812,849</u>
Business-type activities:	
Light	\$ 826,597
Sewer	269,125
Water	442,968
Surface water management	178,939
Total business-type activities	<u>\$ 1,717,629</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6. Unavailable revenue

Resources in the governmental funds, which are measurable but unavailable, consist of the following:

	Governmental Funds				Totals
	General	Street	Urban Renewal	Nonmajor	
Property taxes	\$ 98,712	\$ -	\$ 2,078	\$ -	\$ 100,790
Accounts	11,269	20,614	-	46,697	78,580
Interest	-	-	-	940	940
Assessments	-	-	-	8,191	8,191
	<u>\$ 109,981</u>	<u>\$ 20,614</u>	<u>\$ 2,078</u>	<u>\$ 55,828</u>	<u>\$ 188,501</u>

### 7. Long-term obligations

A. Changes in long-term obligations for the year ended June 30, 2019 were as follows:

	Balances July 1, 2018	Additions	Reductions	Balances June 30, 2019	Balances Due Within One Year
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 844,271	\$ 906,154	\$ 844,271	\$ 906,154	\$ 906,154
Other postemployment benefit liability	1,321,388	166,412	-	1,487,800	-
Net pension liability	<u>20,818,753</u>	<u>1,232,676</u>	<u>-</u>	<u>22,051,429</u>	<u>-</u>
Total long-term obligations	<u>\$22,984,412</u>	<u>\$2,305,242</u>	<u>\$ 844,271</u>	<u>\$ 24,445,383</u>	<u>\$ 906,154</u>
<u>Business-type activities</u>					
Long-term debt obligations					
Notes from direct borrowings and direct placements					
Capital One Public Financing, LLC	\$ 1,670,000	\$ -	\$ 315,000	\$ 1,355,000	\$ 325,000
Premium	15,773	-	3,155	12,618	3,154
US Department of the Interior	960,160	-	39,185	920,975	40,562
Columbia State Bank	<u>3,391,000</u>	<u>-</u>	<u>224,000</u>	<u>3,167,000</u>	<u>229,000</u>
Total long-term debt obligations	6,036,933	-	581,340	5,455,593	597,716
Other long-term obligations					
Compensated absences	363,188	397,113	363,188	397,113	397,113
Other postemployment benefit liability	438,760	-	38,001	400,759	-
Net pension liability	<u>8,449,273</u>	<u>343,854</u>	<u>-</u>	<u>8,793,127</u>	<u>-</u>
Total long-term obligations	<u>\$15,288,154</u>	<u>\$ 740,967</u>	<u>\$ 982,529</u>	<u>\$ 15,046,592</u>	<u>\$ 994,829</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Long-term obligations (continued)

#### B. Business-type activities long-term debt obligations

Capital One Public Financing LLC – The City borrowed \$3,160,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in April each year and range from \$324,045 to \$354,795. Annual interest only payments are due in October each year and range from \$4,795 to \$39,045. Interest on outstanding loan is 2.74 percent. The City has pledged revenue from timber sales and available water revenues for repayment of this note.

US Department of the Interior – The City borrowed \$1,707,484 to finance improvements to the Scoggins Dam and Reservoir. Annual payments are \$72,797 and include interest at 3.5 percent.

Columbia State Bank – The City borrowed \$3,822,000 to finance light and power improvements. Annual principal and interest payments are due in October each year and range from \$260,775 to \$305,775. Annual interest only payments are due in April each year and range from \$45,113 to \$3,775. Interest is at 2.5 percent.

#### C. The future maturities for business-type activities long-term debt obligations as of June 30, 2019 are as follows:

Fiscal Year	Capital One Public Financing LLC		US Dept. of the Interior Scoggins Dam		Columbia State Bank		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 325,000	\$ 37,127	\$ 40,562	\$ 32,234	\$ 229,000	\$ 76,312	\$ 594,562	\$ 145,673
2021	335,000	28,222	41,982	30,815	235,000	70,513	611,982	129,550
2022	345,000	19,043	43,452	29,345	241,000	64,563	629,452	112,951
2023	350,000	9,590	44,972	27,825	247,000	58,463	641,972	95,878
2024	-	-	46,546	26,251	253,000	52,213	299,546	78,464
2025-2029	-	-	258,341	105,644	1,366,000	161,575	1,624,341	267,219
2030-2034	-	-	306,828	57,157	596,000	15,000	902,828	72,157
2035-2036	-	-	138,292	7,302	-	-	138,292	7,302
	<u>\$1,355,000</u>	<u>\$ 93,982</u>	<u>\$ 920,975</u>	<u>\$ 316,573</u>	<u>\$3,167,000</u>	<u>\$ 498,639</u>	<u>\$5,442,975</u>	<u>\$ 909,194</u>

#### D. Funds used to liquidate other long-term obligations

The General, Street, Building, Light, Sewer, Water, and Surface Water Management Funds have been used to liquidate obligations for compensated absences, other postemployment benefit liability, and net pension liability.

### 8. Conduit debt

The City has issued limited obligation ("conduit") revenue bonds for the express purpose of providing capital financing for specific third-party borrowers. Although the conduit debt obligations bear the name of the City, the City has no obligation for such debt; accordingly, the debt is not reported as a liability in the City's financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. Conduit debt (continued)

- A. On March 20, 2014, the City issued \$38,640,000 in revenue bonds to refinance the 2009 revenue bonds originally issued for Pacific University to fund capital improvement projects and to provide additional resources for capital improvement projects on the campus. At June 30, 2019, \$34,235,000 was outstanding. The bonds mature May 1, 2039.
- B. On April 22, 2015, the City issued \$35,425,000 in revenue bonds to refinance the 2005 revenue bonds originally issued for Pacific University to fund capital improvement projects and to provide additional resources for capital improvement projects on the campus. \$32,330,000 of the 2015 revenue bonds were to refinance the 2005 revenue bonds and \$3,095,000 of the 2015 revenue bonds were to provide resources for additional capital improvement projects on campus. The 2015 revenue bonds were assigned to Pacific University. At June 30, 2019, \$30,510,000 was outstanding. The bonds mature May 1, 2045.
- C. On October 19, 2016, the City issued \$17,800,000 in revenue bonds to refinance the 2013 revenue bonds originally issued for Pacific University to fund capital improvement projects. The 2016 revenue bonds were assigned to Pacific University. At June 30, 2019, \$15,787,284 was outstanding. The bonds mature October 1, 2038.
- D. On April 27, 2017, the City issued \$26,805,000 in revenue bonds to refinance the 2007 revenue bonds originally issued to fund student housing construction. The original 2007 revenue bonds were assigned to the Oak Tree Foundation, Inc., a nonprofit corporation. The 2017 revenue bonds funded the remaining \$26,965,000 in 2007 revenue bonds plus costs of issuing the 2017 revenue bonds. The 2017 revenue bonds were assigned to Oak Tree Foundation, Inc. At June 30, 2019, \$25,375,000 was outstanding. The bonds mature March 1, 2037.

### 9. Defined benefit pension plan

#### A. Plan description

Substantially all employees are participants in either the defined benefit retirement plan of City of Forest Grove (the Plan), a single employer defined benefit public employment, or the defined contribution plan (DC Plan) that was effective as of July 1, 2011. Police officers and firefighters hired on or after February 1, 2016 are provided with pensions through the Oregon Public Employment Retirement Systems (OPERS). Footnote 10 describes the DC Plan and footnotes 11 and 12 describe the OPERS.

The Plan was established by the city council who may amend the plan.

The City does not issue a separate financial report available to the public for this plan.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### B. Plan membership

All full-time employees hired before July 1, 2011, are eligible to participate in the Plan after six months of employment. After July 1, 2011, only full-time employees belonging to the Forest Grove Police Association (FGPA), the Firefighter's Association (IFFA), and the International Brotherhood of Electrical Workers (IBEW) hired on or after July 1, 2011, are eligible to participate in the Plan after six months of employment. As of July 1, 2012, full-time non-certified members of the FGPA hired on or after July 1, 2012 are not eligible to participate in the Plan. Full-time police officers and firefighters hired on or after February 1, 2016, are also not eligible to participate in the Plan.

Employees are divided into two groups: Public Safety Members (consisting of firefighters and police officers) and General Members.

As of July 1, 2019, plan membership consisted of 105 retirees and beneficiaries, 28 vested terminated participants, 1 nonvested terminated participants, and 91 active participants.

#### C. Description of benefit terms

##### Normal retirement

Members are able to receive benefits after attaining age 58 for public safety members or age 65 for all other members. Retirement benefits will equal the accrued benefit based on average monthly earnings and years of membership as of the normal retirement date. Retirement benefits are subject to annual cost of living adjustments up to 2 percent per year.

Additionally, members receive benefits from voluntary or unit contribution, if any.

##### Early retirement

Members are able to receive early retirement benefits after attaining age 50 with reduced benefits except for public safety employees with at least 25 years of service or general members with at least 30 years of service. Retirement benefits are reduced based upon the number of years the member still needed to work to reach normal retirement status. The benefit ranges from 67 percent to 93 percent 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 increases to their retirement benefits equal to the benefit accruals past the normal retirement age.

##### 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### Death benefits

The beneficiaries of members who have not begun to receive benefits under the plan are entitled to either a lump-sum payment of twice the member's required and picked-up contributions account balances and the member's voluntary contributions account balance or actuarial equivalent monthly payments.

#### D. Contributions

The City is required by the Plan's provisions to pay the employees' contribution to the Plan of seven percent of covered salaries (six percent if monthly base pay is less than \$1,500). In addition the City will contribute additional amount necessary to fund the Plan sufficient to pay benefits when due based on annual actuarial valuations. City contributions to the plan for the year ended June 30, 2019 were \$3,878,402.

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

At June 30, 2019, the City reported a net pension liability of \$30,490,016. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date as follows:

Total pension liability	\$ 79,658,890
Plan fiduciary net position	<u>49,168,874</u>
Net pension liability	<u>\$ 30,490,016</u>
Fiduciary net position as a percentage of total pension liability	61.72%

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**9. Defined benefit pension plan (continued)**

Changes in the net pension liability is as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning balances	\$ 76,490,191	\$ 43,821,273	\$ 32,668,918
Changes for the year:			
Service cost	1,427,824	-	1,427,824
Interest on total pension liability	4,606,200	-	4,606,200
Effect of economic/demographic losses	(503,546)	-	(503,546)
Effect of assumption changes or inputs	(65,735)	-	(65,735)
Benefit payments	(2,296,044)	(2,296,044)	-
Administrative expenses	-	(75,104)	75,104
Net investment income	-	3,840,347	(3,840,347)
Employer contributions	-	3,878,402	(3,878,402)
Ending balances	<u>\$ 79,658,890</u>	<u>\$ 49,168,874</u>	<u>\$ 30,490,016</u>

For the year ended June 30, 2019, the City recognized pension expense of \$13,313,066. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 117,536	\$ 673,976
Changes of assumptions or inputs	2,395,129	44,530
Net difference between projected and actual earnings on pension plan investments	<u>--</u>	<u>1,740,395</u>
	<u>\$ 2,512,665</u>	<u>\$ 2,458,901</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	\$ 1,172,726
2021	(487,771)
2022	(398,022)
2023	<u>(233,169)</u>
Total	<u>\$ 53,764</u>

#### F. Actuarial valuation

The City contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. Under the individual entry age method, a normal cost is determined for each participant by allocating the actuarial present value of the projected benefit on a level percentage of salary basis over the service of each active participant between entry age and assumed exit age. The individual normal costs are then summed for the group. The normal cost for inactive members is zero. The individual actuarial accrued liability for a participant is the actuarial present value of the projected benefits as of the valuation date less the present value of projected future normal costs.

Under the City's funding policy, the annual recommended contribution includes the total normal cost developed on the individual entry age method and an amortized portion of any unfunded actuarial accrued liability. The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of assets. Emerging unfunded actuarial accrued liability bases are amortized over a closed 15-year period. Amortization payments are assumed to begin, on average, 18 months after the base is established and are assumed to increase 2.50 percent each year.

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

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Pay
Amortization Method	Closed 15-year amortization, payments increasing 2.50 percent per year
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.00 percent
Investment Rate of Return	6.00 percent
Projected Salary Increases	Salaries for individuals are assumed to grow at 3.75 percent per annum
Mortality	Healthy retirees and beneficiaries: RP-2014 Sex-distinct, generational per Unisex Social Security Data Scale, with collar adjustments and setbacks Participants with disabilities: RP-2014 Sex-distinct, generational per Unisex Social Security Data Scale

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

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

#### Discount rate

The discount rate used to measure the total pension liability was 6.00 percent. 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 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 asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

Based on these circumstances, it is the Plan's independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

#### Long-term expected rate of return

The long-term expected rate of return assumption of 6.00 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.

#### Change in assumptions

The discount rate and long-term expected rate of return was decreased from 6.50 percent to 6.00 percent as of the July 1, 2018 valuation.

Mortality was updated from mortality tables used by the Oregon Public Employees Retirement System for the December 31, 2018 valuation.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### Sensitivity of the City of Forest Grove's net pension liability to changes in the discount rate

The following presents the City of Forest Grove's net pension liability calculated using the discount rate of 6.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Net pension liability	\$ 42,329,780	\$ 30,490,016	\$ 20,807,633

### 10. Defined contribution plan

The City sponsors a defined contribution plan known as the City of Forest Grove Defined Contribution Plan (the DC Plan). The DC Plan is administered through an ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. ICMA Retirement Corporation acts as the Plan Administrator. The City Council has authority for establishing or amending plan provisions related to contributions and compensation.

The DC Plan was effective as of July 1, 2011 although the first participant did not become eligible for the plan until March 2012. The following classes of employees are eligible for the plan after six months of employment:

- All full-time non-represented employees and all full-time members of the AFSCME union hired on or after July 1, 2011
- All full-time non-certified members of the Forest Grove Police Association hired on or after July 1, 2012
- All part-time non-represented and AFSCME employees, who are regularly scheduled to work at least twenty (20) hours per week as of July 1, 2014
- All part-time non-certified members of the Forest Grove Police Association as of July 1, 2016

Retirement benefits are based on the value of the individual employee's accumulated contributions and investment earnings at the time of retirement.

Contributions for employees are made by City as required by the DC Plan. Contributions to the DC Plan by individual employees or others are not permitted. The City contributes 10 percent of an employee's base salary to DC Plan plus an additional 2 percent to DC Plan if the individual employee contributes at least 2 percent of base salary to an eligible deferred compensation plan. The employee can invest the contributions in investments allowed by ICMA Retirement Corporation within the DC Plan. Contributions and earnings are immediately 100 percent vested to the employee.

Contributions to the plan for the year ended June 30, 2019 were \$348,742.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan - PERS

#### A. Plan description

Police officers and firefighters hired on or after February 1, 2016 are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf).

#### B. Description of benefit terms

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 (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.

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. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *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 an OPERS-covered job at the time of death.

#### *Disability benefits*

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

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

#### *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:

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *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.

#### *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.

#### C. 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.

Tier One/Tier Two employer contribution rates are 21.9 percent and the OPSRP employer contribution rates are 14.64 percent for public safety employees. Employer contributions for the year ended June 30, 2019 were \$150,337.

#### D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

#### *Actuarial cost method*

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

#### *Unfunded actuarial accrued liability amortization*

The Tier One/Tier Two UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *Retiree healthcare unfunded actuarial accrued liability amortization*

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

#### *Asset valuation method*

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

#### *Contribution rate stabilization method*

Contribution rates for a rate pool (e.g. Tier One/Tier Two SLGRP, Tier One/Tier Two School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60 percent or increases above 140 percent, the size of the collar doubles. If the funded percentage excluding side accounts is between 60 percent and 70 percent or between 130 percent and 140 percent, the size of the rate collar is increased on a graded scale.

#### *Allocation of liability for service segments*

For active Tier One/Tier Two members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25 percent based on account balance with each employer and 75 percent based on service with each employer. The entire normal cost is allocated to the current employer.

#### *Allocation of benefits-in-force reserve*

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *Economic assumptions*

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 6.3% in 2016 to 4.4% in 2094

#### *Demographic assumptions*

##### Mortality tables

Healthy retirees	RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table
Non-annuitants	Ranges from 55% to 70% of healthy retired mortality tables depending upon sex and employment type

#### *Retirement assumptions*

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5 percent of the time and a total lump sum elected 2.5 percent for 2016 and declining by 0.5 percent per year until reaching zero.

#### *Salary increase assumptions*

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

#### E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

##### *OPSRP unfunded actuarial accrued liability amortization*

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier One/ Tier Two plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

#### *Economic assumptions*

An additional amount for administrative expenses is added to the normal cost.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *Retirement assumptions*

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5 percent of the time and a total lump sum elected 2.5 percent for 2016 and declining by 0.5 percent per year until reaching zero.

F. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

#### *Net pension liability*

At June 30, 2019, the City reported a liability of \$354,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net 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:

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 One/Tier Two 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.

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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

The UAL has Tier One/Tier Two and OPSRP pieces. The Tier One/Tier Two piece is based on the employer's Tier One/Tier Two pooling arrangement. If an employer participates in one of the two large Tier One/Tier Two rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier One/Tier Two 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 One/Tier Two pooling arrangement, who are referred to as "Independent Employers", have their Tier One/Tier Two UAL tracked separately in the actuarial valuation.

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

At June 30, 2018, the City's proportion was .00234040 percent, which was an increase of .00227656 percent from its proportion measured as of June 30, 2017.

#### *Pension expense*

For the year ended June 30, 2019, the City recognized pension expense of \$145,798.

#### *Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2018, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**11. Defined benefit pension plan – PERS (continued)**

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,060	\$ --
Changes of assumptions	82,430	--
Net difference between projected and actual earnings on pension plan investments	--	15,744
Changes in proportionate share	188,151	1,345
Difference between contributions and proportionate share of system contributions	125,793	390
Contributions subsequent to the measurement date	<u>150,337</u>	<u>--</u>
Total	<u>\$ 558,771</u>	<u>\$ 17,479</u>

\$150,337 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2020	\$ 120,827
2021	107,900
2022	72,837
2023	73,961
2024	<u>15,430</u>
Total	<u>\$ 390,955</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

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

The total pension liability measured as of June 30, 2018 was based on an actuarial valuation as of December 31, 2016 using the following methods and assumptions:

Experience study report	2016, published July 26, 2017
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<b><i>Healthy retirees and beneficiaries:</i></b> RP-2014 Heathy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b><i>Active members:</i></b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <b><i>Disabled retirees:</i></b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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

#### *Discount rate*

The discount rate used to measure the total pension liability was 7.2 percent. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

<b>Long-Term Expected Rate of Return</b>	Annual	Compound Annual	Standard	
Asset Class	Target Allocation*	Arithmetic Return	(Geometric) Return	Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 11. Defined benefit pension plan – PERS (continued)

#### *Depletion date projection*

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

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

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

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

#### H. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of net pension liability	\$ 592,503	\$ 354,540	\$ 158,121

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 12. Defined contribution plan - PERS

#### A. Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

#### B. 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. Each distribution option has a \$200 minimum distribution limit.

#### C. 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.

#### D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2019 were \$56,116.

#### E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Other postemployment benefits

#### City of Forest Grove Other Postemployment Benefits Plan

##### A. Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through an employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees are allowed to continue, at the retirees' expense, coverage under the group health insurance plan 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

As of July 1, 2018, there were 167 active employees, 5 eligible retirees, and 3 spouses of eligible retirees for a total of 175 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	\$	720
For spouses of retirees		784

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

At June 30, 2019, the City reported a total OPEB liability of \$1,566,350. The total OPEB liability was measured as of June 30, 2018 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2018	\$ 1,760,148
Changes for the year:	
Service cost	120,349
Interest	66,273
Effect of economic/demographic gains or losses	(34,389)
Changes in assumptions or other inputs	(286,905)
Benefit payments	<u>(59,126)</u>
Balances at June 30, 2019	<u>\$ 1,566,350</u>

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other postemployment benefits (continued)**

For the year ended June 30, 2019, the City recognized an OPEB expense of \$3,069,971.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 30,390
Changes of assumptions	--	340,541
City's contributions subsequent to the Measurement date	<u>55,133</u>	<u>--</u>
	<u>\$ 55,133</u>	<u>\$ 370,931</u>

Differences between expected and actual experience and changes in assumptions are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

Deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date in the amount of \$55,133 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2020	\$ (50,344)
2021	(50,344)
2022	(50,344)
2023	(50,344)
2024	(50,344)
Thereafter	<u>(119,211)</u>
Total	<u>\$ (370,931)</u>

**E. Actuarial valuation**

The City 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.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other postemployment benefits (continued)**

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	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

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

Discount rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.5 percent.

Healthcare cost trend rate

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other postemployment benefits (continued)**

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

G. 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 Point Lower	Current Discount Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 1,698,604	\$ 1,566,350	\$ 1,445,834

	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 1,408,993	\$ 1,556,350	\$ 1,749,930

Northwest Firefighters Relief Association Health Trust

A. Plan description and benefits provided

The Northwest Firefighters Relief Association Health Trust Retiree Program is a cost-sharing multiple-employer postemployment benefit plan that provides health insurance to eligible retirees of employers who participate in the Trust (an OPEB plan). As of the most recent valuation date (June 30, 2019), the Trust has nine participating employers, Tualatin Valley Fire and Rescue, Molalla Rural Fire Protection, Clatskanie Rural Fire Protection, Woodburn Fire District, Canby Fire District, City of Newberg Police Department, Forest Grove Fire and Rescue, Hoodland Fire District, and Port of Portland Fire Department. This plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

B. Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis.

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other postemployment benefits (continued)**

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

At June 30, 2019, the City reported a liability of \$322,209 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019. At June 30, 2019, the City's proportion was 2.4085 percent which was an increase from zero percent at the prior measurement date.

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

For the year ended June 30, 2019, the City recognized an OPEB expense of \$91,516. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,921	\$ 8,221
Changes of assumptions	<u>118,643</u>	<u>--</u>
	<u>\$ 128,564</u>	<u>\$ 8,221</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2020	\$ 9,339
2021	9,339
2022	9,339
2023	9,339
2024	9,339
Thereafter	<u>73,648</u>
Total	<u>\$ 120,343</u>

D. Actuarial assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Discount Rate	3.5 percent
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Medical Cost Trend Rates	7.0 percent for 2020, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2024 and later years

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Other postemployment benefits (continued)**

The 3.50 percent discount rate assumption is the June 30, 2019 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2017 actuarial valuation of the Oregon Public Employees Retirement System for Police and Fire employees.

E. Sensitivity of the City’s proportionate share of the total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City’s proportionate share of the total OPEB liability, as well as what the City’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
Proportionate share of total OPEB liability	\$ 351,993	\$ 322,209	\$ 294,801
Proportionate share of total OPEB liability	\$ 284,252	\$ 322,209	\$ 367,021

**14. Joint ventures and intergovernmental agreements**

A. Joint Water Commission

The City is a party to the Joint Water Commission (the Commission) with the City of Hillsboro, City of Beaverton, and the Tualatin Valley Water District. The Commission is an entity organized under ORS 190. The City owns a 13.3 percent interest in the Joint Water Commission. The City's investment in the Commission at June 30, 2019 is \$6,188,160. The Commission issues a publicly available financial report which may be obtained by writing to the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

The Commission was established to provide operations for the supply, pumping, treatment, and transmission of municipal and industrial water. Under the Joint Water Services Agreement, the City may utilize the system for treatment of raw water up to 13.3 percent of the designed capacity of the system. The Commission is authorized to draw upon the raw water resources of each participating city to meet the projected needs of that city. No participant has the right to draw treated water from the system in excess of their proportionate contribution of raw water. The expenses of operation and maintenance of the system are paid monthly based on each participant's pro rata share of water production. In addition, the minimum amount to be paid by the City is not less than the per gallon cost as determined from time to time by the Commission multiplied by 72 million gallons per year. The agreement is perpetual, but may be terminated by giving a one-year notice to the other cities.

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **14. Joint ventures and intergovernmental agreements (continued)**

#### **B. Barney Reservoir Joint Ownership Commission**

The City is a party to the Barney Reservoir Joint Ownership Commission (the Reservoir Commission) with the City of Hillsboro, City of Beaverton, the Unified Sewerage Agency, and the Tualatin Valley Water District. The Reservoir Commission is an entity organized under ORS 190. The parties have agreed to establish joint ownership of an expanded Trask Reservoir also known as the "J.W. Barney Reservoir," located on the middle fork of the north fork of the Trask River, partially in Yamhill County and partially in Washington County. The agreement requires each of the original owners of the Trask Reservoir to exchange their equity interest in the reservoir for equity in the expanded "J.W. Barney Reservoir." As a member of the Commission, the City owns a 2.5 percent interest in the reservoir. The City's investment in the Commission at June 30, 2019 is \$567,968. The Barney Reservoir Joint Ownership Commission issues a publicly available financial report which may be obtained by writing the City of Hillsboro, 123 West Main Street, Hillsboro, OR 97123.

#### **C. Clean Water Services of Washington County**

The City collects charges for treatment of the City sewage and surface water management on behalf of the Clean Water Services of Washington County (CWS) and remits all collections to CWS except for 15.1 percent of sewer service charges collected, 20 percent of connection charges collected, and 75 percent of surface water management fees collected in accordance with agreements between the City and CWS. The amount collected on behalf of and remitted to CWS during the fiscal year ending June 30, 2019 was \$5,248,449. The amount due to and payable to CWS at June 30, 2019 is \$669,936.

### **15. Commitments**

The City has committed to purchase 1 average megawatt of energy from the Northwest Intergovernmental Energy Supply (NIES) for each of the next two years. As of June 30, 2019, the City had outstanding commitments of up to \$565,020.

### **16. 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 purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **17. Segment information**

The City has borrowed from Capital One Public Financing, LLC to finance major water system improvements. The sewer utility and the water utility are each accounted for in two separate funds.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 17. Segment information (continued)

Summary financial information for sewer and water activities for the year ended June 30, 2019 is as follows:

<b>Condensed statement of net position</b>	Sewer	Water
<u>Assets</u>		
Current assets	\$ 5,485,397	\$ 17,824,474
Investment in joint venture	-	6,756,128
Capital assets, net	8,802,919	10,869,203
Total assets	14,288,316	35,449,805
<u>Deferred outflows of resources</u>	53,252	153,922
<u>Liabilities</u>		
Current liabilities	629,280	1,027,635
Noncurrent liabilities	659,810	3,548,086
Total liabilities	1,289,090	4,575,721
<u>Deferred inflows of resources</u>	56,925	145,474
<u>Net position</u>		
Net investment in capital assets	8,802,919	8,580,610
Restricted	967,003	6,286,594
Unrestricted	3,225,631	16,015,328
Total net position	\$ 12,995,553	\$ 30,882,532
 <b>Condensed statement of revenues, expenses and changes in net position</b>		
Operating revenue	\$ 1,574,614	\$ 5,013,179
Depreciation and amortization expense	269,125	442,968
Other operating expenses	1,111,248	3,968,105
Operating income (loss)	194,241	602,106
Non operating revenues (expenses)	90,394	1,346,618
Income (loss) before capital contributions and transfers	284,635	1,948,724
Capital contributions	174,689	850,796
Transfers	(80,874)	(317,717)
Change in net position	378,450	2,481,803
Net position - beginning	12,617,103	28,400,729
Net position - ending	\$ 12,995,553	\$ 30,882,532
 <b>Condensed statement of cash flows</b>		
Net cash provided by (used in):		
Operating activities	\$ 701,799	\$ 1,294,362
Non-capital financing activities	(80,874)	(317,717)
Capital and related financing	(68,719)	1,422,018
Investing activities	(380,249)	(1,906,949)
Net increase (decrease) in cash	171,957	491,714
Cash and cash equivalents - beginning of year	3,938,833	13,998,226
Cash and cash equivalents - end of year	\$ 4,110,790	\$ 14,489,940

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 18. Interfund transfers and balances

<u>Fund</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	\$ 1,461,957	\$ 1,251,131
Nonmajor governmental	1,267,000	340,483
Light	-	1,129,312
Sewer	-	80,874
Water	-	316,317
Water - noncash	636,365	-
Surface water management	150,000	55,595
Nonmajor enterprise funds	-	1,400
Nonmajor enterprise funds - noncash	-	636,365
Internal service funds	336,155	40,000
	<u>\$ 3,851,477</u>	<u>\$ 3,851,477</u>

As part of the budget process, the City plans to make interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

Noncash transfers occur when a fund 1) acquires capital assets which will be used in the operation of a different fund's activities, 2) issues long-term obligations which will be repaid out of a different fund's resources or 3) pays principal on long-term obligations reported in a different fund.

A loan from the Capital Projects Fund to the Urban Renewal Fund is being repaid in annual installments of interest only for three years followed by six annual payments of \$175,000, including interest, and one annual payment of \$161,754. At June 30, 2019, the balance is \$2,062,561.

### 19. Net position restricted through enabling legislation

Net position which is restricted through enabling legislation is as follows:

#### Governmental activities – capital projects

Transportation impact fees and transportation development tax are restricted for transportation infrastructure expansion	\$ 13,523,791
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Park acquisition and development	3,301,433
Trail system sponsorship is restricted for trail construction or maintenance	1,309

#### Governmental activities – tourism

City transient lodging tax is restricted for tourism	143,596
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## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 19. Net position restricted through enabling legislation (continued)

#### Business-type activities – capital projects

System development charges (SDC) are restricted for purposes as specified in the implementing ordinances:

Sewer system improvement and expansion	\$	967,003
Water system improvement and expansion		6,286,594
Surface water management system improvement and expansion		548,629

### 20. 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:

### 21. Tax abatements

Washington County has established an Enterprise Zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City received for the year ended June 30, 2019 have been reduced by \$88,510.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF FOREST GROVE**  
**SCHEDULE OF NET PENSION LIABILITY AND**  
**CHANGES IN NET PENSION LIABILITY**  
**Last Ten Plan Years\***

	For the Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
<b><u>Beginning of year</u></b>						
Total pension liability	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326	\$ 42,881,808
Fiduciary net position	<u>43,821,273</u>	<u>39,971,500</u>	<u>35,434,205</u>	<u>34,146,282</u>	<u>34,577,249</u>	<u>29,632,905</u>
Net pension liability	<u>\$ 32,668,918</u>	<u>\$ 29,259,419</u>	<u>\$ 27,642,676</u>	<u>\$ 23,596,151</u>	<u>\$ 12,618,077</u>	<u>\$ 13,248,903</u>
<b><u>Changes in total pension liability</u></b>						
Service cost	\$ 1,427,824	\$ 1,327,792	\$ 1,265,073	\$ 1,329,863	\$ 1,171,434	\$ 1,061,458
Interest on total pension liability	4,606,200	4,498,271	4,274,175	3,927,162	3,445,279	3,131,813
Effect of economic/demographic losses	(503,546)	(844,964)	617,091	32,324	(224,525)	269,909
Effect of assumption changes or inputs	(65,735)	4,987,257	2,039,393	1,829,323	7,846,254	1,342,042
Benefit payments	<u>(2,296,044)</u>	<u>(2,709,084)</u>	<u>(2,041,694)</u>	<u>(1,784,224)</u>	<u>(1,691,335)</u>	<u>(1,491,704)</u>
Net change in total pension liability	<u>\$ 3,168,699</u>	<u>\$ 7,259,272</u>	<u>\$ 6,154,038</u>	<u>\$ 5,334,448</u>	<u>\$ 10,547,107</u>	<u>\$ 4,313,518</u>
<b><u>Changes in fiduciary net position</u></b>						
Employer contributions	\$ 3,878,402	\$ 3,298,676	\$ 2,776,339	\$ 2,101,422	\$ 1,386,509	\$ 1,291,829
Member contributions	-	-	-	-	611,460	603,325
Investment income net of expenses	3,840,347	3,346,917	3,917,965	1,140,618	(674,943)	4,626,488
Benefit payments	(2,296,044)	(2,709,084)	(2,041,694)	(1,784,224)	(1,691,335)	(1,491,704)
Administrative expenses	<u>(75,104)</u>	<u>(86,736)</u>	<u>(115,315)</u>	<u>(169,893)</u>	<u>(62,658)</u>	<u>(85,594)</u>
Net change in fiduciary net position	<u>\$ 5,347,601</u>	<u>\$ 3,849,773</u>	<u>\$ 4,537,295</u>	<u>\$ 1,287,923</u>	<u>\$ (430,967)</u>	<u>\$ 4,944,344</u>
<b><u>End of year</u></b>						
Total pension liability	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326
Fiduciary net position	<u>49,168,874</u>	<u>43,821,273</u>	<u>39,971,500</u>	<u>35,434,205</u>	<u>34,146,282</u>	<u>34,577,249</u>
Net pension liability	<u>\$ 30,490,016</u>	<u>\$ 32,668,918</u>	<u>\$ 29,259,419</u>	<u>\$ 27,642,676</u>	<u>\$ 23,596,151</u>	<u>\$ 12,618,077</u>
Fiduciary net position as a percent of total pension liability	61.7%	57.3%	57.7%	56.2%	59.1%	73.3%
Covered payroll	\$ 7,739,634	\$ 7,553,427	\$ 8,548,461	\$ 8,616,353	\$ 8,714,723	\$ 8,618,932
Net pension liability as a percent of covered payroll	393.9%	432.5%	342.3%	320.8%	270.8%	146.4%

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

**CITY OF FOREST GROVE**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Last Ten Fiscal Years  
(Amounts in thousands)**

	June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 3,853	\$ 3,252	\$ 2,707	\$ 2,094	\$ 1,987	\$ 1,888	\$ 1,763	\$ 1,731	\$ 1,747	\$ 1,669
Actual employer contribution	3,878	3,299	2,776	2,101	1,998	1,895	1,762	1,731	1,747	1,669
Contribution deficiency (excess)	(25)	(47)	(69)	(7)	(11)	(7)	1	-	-	-
Covered payroll	7,740	7,553	8,548	8,616	8,715	8,619	8,559	8,570	8,607	8,646
Contribution as a percent of covered payroll	50.10%	43.68%	32.48%	24.38%	22.93%	21.99%	20.59%	20.20%	20.30%	19.30%
Valuation date	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	7/1/2009	7/1/2008
Assumed investment rate of return	6.50%	6.75%	6.75%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%

**NOTES TO SCHEDULE**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percentage of pay
Amortization method	Effective July 1, 2015: Closed 15-year amortization, payments increasing 2.50% per year Effective July 1, 2014: Closed 15-year amortization, payments increasing 2.75% per year Effective July 1, 2011: Closed 30-year amortization, payments increasing 2.75% per year Effective July 1, 2005: Open 25-year amortization, level percent of pay. The amortization period was decreased by one year each year until reaching 20 years, effective July 1, 2010
Asset valuation method	Market value of assets
Healthy mortality	Effective July 1, 2017: RP-2014 Sex-distinct, gneerational per Unisex Social Security Data Scale, with collar adjustments and set-backs Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs Effective July 1, 2011: Healthy Combined RP-2000 mortality projected by Scale AA to 2005 Through July 1, 2010: Healthy Combined RP-2000 mortality
Cost of living increases	2.00% per year
Salary increases	Effective July 1, 2015: 3.75% per year Effective July 1, 2011: 4.50% per year Through July 1, 2010: 5.0% per year

**CITY OF FOREST GROVE**

**SCHEDULE OF INVESTMENT RATE OF RETURN  
Last Ten Fiscal Years**

<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2019	8.26%
2018	7.99%
2017	10.39%
2016	3.28%
2015	-1.96%
2014	-1.85%
2013	15.56%
2012	7.30%
2011	1.83%
2010	13.35%

**CITY OF FOREST GROVE**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Ten Plan Years\***

<u>Year Ended June 30,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2018	0.00234040%	\$ 354,540	\$ 1,275,279	27.80%	82.07%
2017	0.00006384%	8,607	363,955	2.36%	83.12%
2016	0.00007668%	11,512	20,240	56.88%	80.53%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF FOREST GROVE**

**SCHEDULE OF PENSION CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Ten Fiscal Years\***

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2019	\$ 150,337	\$ 150,337	\$ -	\$ 2,145,907	7.01%
2018	147,279	147,279	-	1,275,279	11.55%
2017	59,307	59,307	-	363,955	16.30%
2016	4,302	4,302	-	20,240	21.25%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF FOREST GROVE**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL  
OTHER POSTEMPLOYMENT BENEFIT LIABILITY  
AND RELATED RATIOS  
Last Ten Plan Years**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Service cost	\$ 120,349	\$ 128,201
Interest on total OPEB liability	66,273	52,872
Effect of economic/demographic gains or losses	(34,389)	-
Effect of assumptions changes or inputs	(286,905)	(112,965)
Benefit payments	<u>(59,126)</u>	<u>(69,377)</u>
Net change in total OPEB liability	(193,798)	(1,269)
Total OPEB liability - beginning of year	<u>1,760,148</u>	<u>1,761,417</u>
Total OPEB liability - end of year	<u>\$ 1,566,350</u>	<u>\$ 1,760,148</u>
Covered payroll	\$ 10,724,811	\$ 12,729,783
Total OPEB liability as a percentage of covered payroll	14.6%	13.8%

**NOTES TO SCHEDULE**

Information will be accumulated until 10 years are presented.

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

**CITY OF FOREST GROVE**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE TOTAL  
OTHER POSTEMPLOYMENT BENEFIT LIABILITY  
NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION HEALTH TRUST  
Last Ten Plan Years\***

<u>Year Ended June 30,</u>	<u>Proportion of the total OPEB liability</u>	<u>Proportionate share of the total OPEB liability</u>	<u>Covered payroll</u>	<u>Proportionate share of the total OPEB liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2019	2.4085%	\$ 322,209	\$ 746,351	43.17%	0.00%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF FOREST GROVE**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS  
NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION HEALTH TRUST  
Last Ten Fiscal Years\***

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2019	\$ 166,451	\$ 166,451	\$ -	\$ 746,351	22.30%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GENERAL FUNDS**

**For the Year Ended June 30, 2019**

	<u>General</u>	<u>Special Public Works Debt Service</u>	<u>Total General Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 9,154,854	\$ -	\$ 9,154,854
Other taxes	247,153	-	247,153
Licenses and permits	233,628	-	233,628
Intergovernmental	2,381,248	-	2,381,248
Fees and fines	536,604	-	536,604
Franchise fees	648,434	-	648,434
Interest	282,379	64	282,443
Grants	18,749	-	18,749
Charges for services	4,565,398	1,067	4,566,465
Miscellaneous	<u>227,546</u>	<u>-</u>	<u>227,546</u>
<b>TOTAL REVENUES</b>	<u>18,295,993</u>	<u>1,131</u>	<u>18,297,124</u>
<b>EXPENDITURES</b>			
Current			
General government	6,637,991	-	6,637,991
Public safety	10,426,680	-	10,426,680
Culture and recreation	1,438,957	-	1,438,957
Capital outlay	<u>11,247</u>	<u>-</u>	<u>11,247</u>
<b>TOTAL EXPENDITURES</b>	<u>18,514,875</u>	<u>-</u>	<u>18,514,875</u>
Excess (deficiency) of revenues over expenditures	<u>(218,882)</u>	<u>1,131</u>	<u>(217,751)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,461,957	-	1,461,957
Transfers out	<u>(1,250,000)</u>	<u>(1,131)</u>	<u>(1,251,131)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>211,957</u>	<u>(1,131)</u>	<u>210,826</u>
Net change in fund balances	(6,925)	-	(6,925)
Fund balances at beginning of year	<u>7,673,758</u>	<u>-</u>	<u>7,673,758</u>
Fund balances at end of year	<u>\$ 7,666,833</u>	<u>\$ -</u>	<u>\$ 7,666,833</u>

**CITY OF FOREST GROVE**

**SPECIAL PUBLIC WORKS DEBT SERVICE - GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 1,067	\$ 1,067	\$ -
Interest	64	64	-
<b>TOTAL REVENUES</b>	1,131	1,131	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,131)	(1,131)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(1,131)	(1,131)	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**CITY OF FOREST GROVE**

**TRANSPORTATION DEVELOPMENT TAX  
CAPITAL PROJECTS FUND (A MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Other taxes	\$ 1,099,540	\$ 1,370,901	\$ 271,361
Interest	<u>100,000</u>	<u>214,781</u>	<u>114,781</u>
 TOTAL REVENUES	 <u>1,199,540</u>	 <u>1,585,682</u>	 <u>386,142</u>
 <b>EXPENDITURES</b>			
Capital outlay	<u>9,910,502</u>	<u>-</u>	<u>9,910,502</u>
 TOTAL EXPENDITURES	 <u>9,910,502</u>	 <u>-</u>	 <u>9,910,502</u>
 Net change in fund balance	 (8,710,962)	 1,585,682	 10,296,644
Fund balance at beginning of year	<u>8,710,962</u>	<u>9,145,906</u>	<u>434,944</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ 10,731,588</u>	 <u>\$ 10,731,588</u>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2019**

	Special Revenue	Capital Projects	Permanent Library Endowment	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,699,869	\$ 7,431,477	\$ 37,684	\$ 10,169,030
Investments	462,236	1,292,479	6,560	1,761,275
Receivables, net	164,312	187,689	-	352,001
Due from other funds	-	2,062,561	-	2,062,561
Prepaid items	500	-	-	500
<b>TOTAL ASSETS</b>	<b>\$ 3,326,917</b>	<b>\$ 10,974,206</b>	<b>\$ 44,244</b>	<b>\$ 14,345,367</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 164,163	\$ 218,610	\$ -	\$ 382,773
Payroll related liabilities	13,288	-	-	13,288
Deposits	7,418	-	-	7,418
<b>TOTAL LIABILITIES</b>	184,869	218,610	-	403,479
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	9,131	46,697	-	55,828
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	9,131	46,697	-	55,828
<b>FUND BALANCES</b>				
Nonspendable	500	-	41,186	41,686
Restricted	3,081,431	6,100,457	3,058	9,184,946
Committed	50,986	688,235	-	739,221
Assigned	-	3,920,207	-	3,920,207
<b>TOTAL FUND BALANCES</b>	3,132,917	10,708,899	44,244	13,886,060
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,326,917</b>	<b>\$ 10,974,206</b>	<b>\$ 44,244</b>	<b>\$ 14,345,367</b>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019**

	Special Revenue	Capital Projects	Permanent Library Endowment	Totals
<b>REVENUES</b>				
Other taxes	\$ 117,442	\$ -	\$ -	\$ 117,442
Licenses and permits	1,495,577	-	-	1,495,577
Intergovernmental	592,125	191,277	-	783,402
System development charges	-	523,315	-	523,315
Interest	60,669	228,647	1,110	290,426
Grants	3,966	349,270	-	353,236
Charges for services	-	368,148	-	368,148
Miscellaneous	2,374	115,886	-	118,260
<b>TOTAL REVENUES</b>	<u>2,272,153</u>	<u>1,776,543</u>	<u>1,110</u>	<u>4,049,806</u>
<b>EXPENDITURES</b>				
Current				
General government	1,072,933	205	-	1,073,138
Public safety	4,638	-	-	4,638
Highways and streets	510,202	-	-	510,202
Culture and recreation	25,385	294	-	25,679
Capital outlay	-	2,177,908	-	2,177,908
<b>TOTAL EXPENDITURES</b>	<u>1,613,158</u>	<u>2,178,407</u>	<u>-</u>	<u>3,791,565</u>
Excess (deficiency) of revenues over expenditures	<u>658,995</u>	<u>(401,864)</u>	<u>1,110</u>	<u>258,241</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	67,500	-	67,500
Transfers in	-	1,267,000	-	1,267,000
Transfers out	(59,723)	(280,760)	-	(340,483)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(59,723)</u>	<u>1,053,740</u>	<u>-</u>	<u>994,017</u>
Net change in fund balance	599,272	651,876	1,110	1,252,258
Fund balance at beginning of year	<u>2,533,645</u>	<u>10,057,023</u>	<u>43,134</u>	<u>12,633,802</u>
Fund balance at end of year	<u>\$ 3,132,917</u>	<u>\$ 10,708,899</u>	<u>\$ 44,244</u>	<u>\$ 13,886,060</u>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2019**

	Building Permits	Street Tree	Forfeiture Sharing
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,468,190	\$ 43,426	\$ 10,268
Investments	429,661	7,560	1,788
Receivables, net	-	-	-
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,897,851</u></u>	<u><u>\$ 50,986</u></u>	<u><u>\$ 12,056</u></u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 7,510	\$ -	\$ 4,638
Payroll related liabilities	13,288	-	-
Deposits	<u>-</u>	<u>-</u>	<u>7,418</u>
<b>TOTAL LIABILITIES</b>	<u>20,798</u>	<u>-</u>	<u>12,056</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	2,877,053	-	-
Committed	<u>-</u>	<u>50,986</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>2,877,053</u>	<u>50,986</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 2,897,851</u></u>	<u><u>\$ 50,986</u></u>	<u><u>\$ 12,056</u></u>

<u>Community Enhancement</u>	<u>Trail System</u>	<u>Transportation Services</u>	<u>Public Arts Donation</u>	<u>Assessment</u>	<u>Transient Lodging Tax</u>	<u>Totals</u>
\$ 43,245	\$ 1,309	\$ -	\$ 14,674	\$ -	\$ 118,757	\$ 2,699,869
-	-	-	2,554	-	20,673	462,236
-	-	143,715	-	9,131	11,466	164,312
-	-	-	-	-	500	500
<u>\$ 43,245</u>	<u>\$ 1,309</u>	<u>\$ 143,715</u>	<u>\$ 17,228</u>	<u>\$ 9,131</u>	<u>\$ 151,396</u>	<u>\$ 3,326,917</u>
\$ 500	\$ -	\$ 143,715	\$ -	\$ -	\$ 7,800	\$ 164,163
-	-	-	-	-	-	13,288
-	-	-	-	-	-	7,418
<u>500</u>	<u>-</u>	<u>143,715</u>	<u>-</u>	<u>-</u>	<u>7,800</u>	<u>184,869</u>
-	-	-	-	9,131	-	9,131
-	-	-	-	9,131	-	9,131
-	-	-	-	-	500	500
42,745	1,309	-	17,228	-	143,096	3,081,431
-	-	-	-	-	-	50,986
<u>42,745</u>	<u>1,309</u>	<u>-</u>	<u>17,228</u>	<u>-</u>	<u>143,596</u>	<u>3,132,917</u>
<u>\$ 43,245</u>	<u>\$ 1,309</u>	<u>\$ 143,715</u>	<u>\$ 17,228</u>	<u>\$ 9,131</u>	<u>\$ 151,396</u>	<u>\$ 3,326,917</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2019**

	Building Permits	Street Tree	Forfeiture Sharing
<b>REVENUES</b>			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	1,455,666	39,911	-
Intergovernmental	-	-	-
Interest	58,176	46	-
Grants	-	-	-
Miscellaneous	2,374	-	-
	<u>1,516,216</u>	<u>39,957</u>	<u>-</u>
<b>TOTAL REVENUES</b>			
	<u>1,516,216</u>	<u>39,957</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
General government	915,222	-	-
Public safety	-	-	4,638
Highways and streets	-	43,759	-
Culture and recreation	-	-	-
	<u>915,222</u>	<u>43,759</u>	<u>4,638</u>
<b>TOTAL EXPENDITURES</b>			
	<u>915,222</u>	<u>43,759</u>	<u>4,638</u>
Excess (deficiency) of revenues over expenditures	<u>600,994</u>	<u>(3,802)</u>	<u>(4,638)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(50,973)</u>	<u>(750)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>(50,973)</u>	<u>(750)</u>	<u>-</u>
Net change in fund balance	550,021	(4,552)	(4,638)
Fund balance at beginning of year	<u>2,327,032</u>	<u>55,538</u>	<u>4,638</u>
Fund balance at end of year	<u>\$ 2,877,053</u>	<u>\$ 50,986</u>	<u>\$ -</u>

<u>Community Enhancement</u>	<u>Trail System</u>	<u>Transportation Services</u>	<u>Public Arts Donation</u>	<u>Transient Lodging Tax</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 117,442	\$ 117,442
-	-	-	-	-	1,495,577
125,682	-	466,443	-	-	592,125
-	-	-	-	2,447	60,669
-	-	-	3,966	-	3,966
-	-	-	-	-	2,374
<u>125,682</u>	<u>-</u>	<u>466,443</u>	<u>3,966</u>	<u>119,889</u>	<u>2,272,153</u>
127,874	-	-	-	29,837	1,072,933
-	-	-	-	-	4,638
-	-	466,443	-	-	510,202
-	25,385	-	-	-	25,385
<u>127,874</u>	<u>25,385</u>	<u>466,443</u>	<u>-</u>	<u>29,837</u>	<u>1,613,158</u>
<u>(2,192)</u>	<u>(25,385)</u>	<u>-</u>	<u>3,966</u>	<u>90,052</u>	<u>658,995</u>
<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,723)</u>
<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,723)</u>
(10,192)	(25,385)	-	3,966	90,052	599,272
<u>52,937</u>	<u>26,694</u>	<u>-</u>	<u>13,262</u>	<u>53,544</u>	<u>2,533,645</u>
<u>\$ 42,745</u>	<u>\$ 1,309</u>	<u>\$ -</u>	<u>\$ 17,228</u>	<u>\$ 143,596</u>	<u>\$ 3,132,917</u>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2019**

	Traffic Impact	Park Acquisition and Development	Capital Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,399,995	\$ 2,878,786	\$ 340,677
Investments	417,789	501,137	59,305
Receivables, net	-	-	-
Due from other funds	-	-	2,062,561
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 2,817,784</u>	<u>\$ 3,379,923</u>	<u>\$ 2,462,543</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 25,581	\$ 78,490	\$ 10,556
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>25,581</u>	<u>78,490</u>	<u>10,556</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	2,792,203	3,301,433	-
Committed	-	-	-
Assigned	-	-	2,451,987
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u>2,792,203</u>	<u>3,301,433</u>	<u>2,451,987</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 2,817,784</u>	<u>\$ 3,379,923</u>	<u>\$ 2,462,543</u>

Fire Equipment Replacement	Bike and Pedestrian Pathways	CIP	Excise	Facility Major Maintenance	Totals
\$ 312,659	\$ 6,821	\$ 233,374	\$ 1,259,165	\$ 7,431,477	
54,427	-	40,626	219,195	1,292,479	
140,992	-	46,697	-	187,689	
-	-	-	-	2,062,561	
<u>\$ 508,078</u>	<u>\$ 6,821</u>	<u>\$ 320,697</u>	<u>\$ 1,478,360</u>	<u>\$ 10,974,206</u>	
\$ 93,843	\$ -	\$ -	\$ 10,140	\$ 218,610	
93,843	-	-	10,140	218,610	
-	-	46,697	-	46,697	
-	-	46,697	-	46,697	
-	6,821	-	-	6,100,457	
414,235	-	274,000	-	688,235	
-	-	-	1,468,220	3,920,207	
<u>414,235</u>	<u>6,821</u>	<u>274,000</u>	<u>1,468,220</u>	<u>10,708,899</u>	
<u>\$ 508,078</u>	<u>\$ 6,821</u>	<u>\$ 320,697</u>	<u>\$ 1,478,360</u>	<u>\$ 10,974,206</u>	

**CITY OF FOREST GROVE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2019**

	Traffic Impact	Park Acquisition and Development	Capital Projects
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
System development charges	-	523,315	-
Interest	72,471	77,420	51,282
Grants	-	-	349,270
Charges for services	-	-	-
Miscellaneous	-	-	115,886
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<u>72,471</u>	<u>600,735</u>	<u>516,438</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	205
Culture and recreation	-	294	-
Capital outlay	415,786	308,922	808,157
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<u>415,786</u>	<u>309,216</u>	<u>808,362</u>
Excess (deficiency) of revenues over expenditures	<u>(343,315)</u>	<u>291,519</u>	<u>(291,924)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	-	-	-
Transfers in	-	-	150,000
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	(343,315)	291,519	(141,924)
Fund balance at beginning of year	<u>3,135,518</u>	<u>3,009,914</u>	<u>2,593,911</u>
Fund balance at end of year	<u>\$ 2,792,203</u>	<u>\$ 3,301,433</u>	<u>\$ 2,451,987</u>

Fire Equipment Replacement	Bike and Pedestrian Pathways	CIP Excise	Facility Major Maintenance	Totals
\$ 173,923	\$ 17,354	\$ -	\$ -	\$ 191,277
-	-	-	-	523,315
3,470	-	931	23,073	228,647
-	-	-	-	349,270
-	-	368,148	-	368,148
-	-	-	-	115,886
<u>177,393</u>	<u>17,354</u>	<u>369,079</u>	<u>23,073</u>	<u>1,776,543</u>
-	-	-	-	205
-	-	-	-	294
<u>346,575</u>	<u>72,382</u>	<u>31,080</u>	<u>195,006</u>	<u>2,177,908</u>
<u>346,575</u>	<u>72,382</u>	<u>31,080</u>	<u>195,006</u>	<u>2,178,407</u>
<u>(169,182)</u>	<u>(55,028)</u>	<u>337,999</u>	<u>(171,933)</u>	<u>(401,864)</u>
67,500	-	-	-	67,500
167,000	-	-	950,000	1,267,000
-	-	(280,760)	-	(280,760)
<u>234,500</u>	<u>-</u>	<u>(280,760)</u>	<u>950,000</u>	<u>1,053,740</u>
65,318	(55,028)	57,239	778,067	651,876
<u>348,917</u>	<u>61,849</u>	<u>216,761</u>	<u>690,153</u>	<u>10,057,023</u>
<u>\$ 414,235</u>	<u>\$ 6,821</u>	<u>\$ 274,000</u>	<u>\$ 1,468,220</u>	<u>\$ 10,708,899</u>

**CITY OF FOREST GROVE**

**BUILDING PERMITS - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 1,153,482	\$ 1,455,666	\$ 302,184
Interest	25,000	58,176	33,176
Miscellaneous	<u>-</u>	<u>2,374</u>	<u>2,374</u>
 TOTAL REVENUES	 <u>1,178,482</u>	 <u>1,516,216</u>	 <u>337,734</u>
 <b>EXPENDITURES</b>			
Building permit services	<u>947,366</u>	<u>915,222</u>	<u>32,144</u>
 TOTAL EXPENDITURES	 <u>947,366</u>	 <u>915,222</u>	 <u>32,144</u>
 Excess (deficiency) of revenues over expenditures	 <u>231,116</u>	 <u>600,994</u>	 <u>369,878</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>(50,973)</u>	<u>(50,973)</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(50,973)</u>	 <u>(50,973)</u>	 <u>-</u>
 Net change in fund balance	 180,143	 550,021	 369,878
Fund balance at beginning of year	<u>1,928,043</u>	<u>2,327,032</u>	<u>398,989</u>
 Fund balance at end of year	 <u>\$ 2,108,186</u>	 <u>\$ 2,877,053</u>	 <u>\$ 768,867</u>

**CITY OF FOREST GROVE**

**STREET TREE - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 25,410	\$ 39,911	\$ 14,501
Interest	<u>30</u>	<u>46</u>	<u>16</u>
<b>TOTAL REVENUES</b>	<u>25,440</u>	<u>39,957</u>	<u>14,517</u>
<b>EXPENDITURES</b>			
Materials and services	<u>43,794</u>	<u>43,759</u>	<u>35</u>
<b>TOTAL EXPENDITURES</b>	<u>43,794</u>	<u>43,759</u>	<u>35</u>
Excess (deficiency) of revenues over expenditures	<u>(18,354)</u>	<u>(3,802)</u>	<u>14,552</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(750)</u>	<u>(750)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(750)</u>	<u>(750)</u>	<u>-</u>
Net change in fund balance	(19,104)	(4,552)	14,552
Fund balance at beginning of year	<u>19,104</u>	<u>55,538</u>	<u>36,434</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 50,986</u>	<u>\$ 50,986</u>

**CITY OF FOREST GROVE**

**FORFEITURE SHARING - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Materials and services	<u>\$ 4,733</u>	<u>\$ 4,638</u>	<u>\$ 95</u>
<b>TOTAL EXPENDITURES</b>	<u>4,733</u>	<u>4,638</u>	<u>95</u>
Net change in fund balance	(4,733)	(4,638)	95
Fund balance at beginning of year	<u>4,733</u>	<u>4,638</u>	<u>(95)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF FOREST GROVE**

**COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	<u>\$ 125,000</u>	<u>\$ 125,682</u>	<u>\$ 682</u>
<b>TOTAL REVENUES</b>	<u>125,000</u>	<u>125,682</u>	<u>682</u>
<b>EXPENDITURES</b>			
Materials and services	<u>139,029</u>	<u>127,874</u>	<u>11,155</u>
<b>TOTAL EXPENDITURES</b>	<u>139,029</u>	<u>127,874</u>	<u>11,155</u>
Excess (deficiency) of revenues over expenditures	<u>(14,029)</u>	<u>(2,192)</u>	<u>11,837</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Net change in fund balance	(22,029)	(10,192)	11,837
Fund balance at beginning of year	<u>57,157</u>	<u>52,937</u>	<u>(4,220)</u>
Fund balance at end of year	<u><u>\$ 35,128</u></u>	<u><u>\$ 42,745</u></u>	<u><u>\$ 7,617</u></u>

**CITY OF FOREST GROVE**

**TRAIL SYSTEM - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Grants	\$ 25,385	\$ -	\$ (25,385)
<b>TOTAL REVENUES</b>	<u>25,385</u>	<u>-</u>	<u>(25,385)</u>
<b>EXPENDITURES</b>			
Materials and services	<u>25,385</u>	<u>25,385</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>25,385</u>	<u>25,385</u>	<u>-</u>
Net change in fund balance	-	(25,385)	(25,385)
Fund balance at beginning of year	<u>-</u>	<u>26,694</u>	<u>26,694</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,309</u>	<u>\$ 1,309</u>

**CITY OF FOREST GROVE**

**TRANSPORTATION SERVICES - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 500,000	\$ 466,443	\$ (33,557)
<b>TOTAL REVENUES</b>	<u>500,000</u>	<u>466,443</u>	<u>(33,557)</u>
<b>EXPENDITURES</b>			
Materials and services	<u>500,000</u>	<u>466,443</u>	<u>33,557</u>
<b>TOTAL EXPENDITURES</b>	<u>500,000</u>	<u>466,443</u>	<u>33,557</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF FOREST GROVE**

**PUBLIC ARTS DONATION - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Grants	\$ 7,500	\$ 3,966	\$ (3,534)
Interest	<u>25</u>	<u>-</u>	<u>(25)</u>
<b>TOTAL REVENUES</b>	<u>7,525</u>	<u>3,966</u>	<u>(3,559)</u>
<b>EXPENDITURES</b>			
Materials and services	<u>19,176</u>	<u>-</u>	<u>19,176</u>
<b>TOTAL EXPENDITURES</b>	<u>19,176</u>	<u>-</u>	<u>19,176</u>
Net change in fund balance	(11,651)	3,966	15,617
Fund balance at beginning of year	<u>11,651</u>	<u>13,262</u>	<u>1,611</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 17,228</u>	<u>\$ 17,228</u>

**CITY OF FOREST GROVE**

**TRANSIENT LODGING TAX - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Transient lodging tax	\$ 115,000	\$ 117,442	\$ 2,442
Interest	<u>500</u>	<u>2,447</u>	<u>1,947</u>
<b>TOTAL REVENUES</b>	<u>115,500</u>	<u>119,889</u>	<u>4,389</u>
<b>EXPENDITURES</b>			
Materials and services	93,100	29,837	63,263
Capital outlay	<u>39,900</u>	<u>-</u>	<u>39,900</u>
<b>TOTAL EXPENDITURES</b>	<u>133,000</u>	<u>29,837</u>	<u>103,163</u>
Net change in fund balance	(17,500)	90,052	107,552
Fund balance at beginning of year	<u>37,500</u>	<u>53,544</u>	<u>16,044</u>
Fund balance at end of year	<u>\$ 20,000</u>	<u>\$ 143,596</u>	<u>\$ 123,596</u>

**CITY OF FOREST GROVE**

**TRAFFIC IMPACT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 43,697	\$ 72,471	\$ 28,774
<b>TOTAL REVENUES</b>	<u>43,697</u>	<u>72,471</u>	<u>28,774</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>3,230,324</u>	<u>415,786</u>	<u>2,814,538</u>
<b>TOTAL EXPENDITURES</b>	<u>3,230,324</u>	<u>415,786</u>	<u>2,814,538</u>
Net change in fund balance	(3,186,627)	(343,315)	2,843,312
Fund balance at beginning of year	<u>3,186,627</u>	<u>3,135,518</u>	<u>(51,109)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,792,203</u>	<u>\$ 2,792,203</u>

**CITY OF FOREST GROVE**

**PARK ACQUISITION AND DEVELOPMENT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 400,000	\$ 523,315	\$ 123,315
Interest	<u>30,000</u>	<u>77,420</u>	<u>47,420</u>
<b>TOTAL REVENUES</b>	<u>430,000</u>	<u>600,735</u>	<u>170,735</u>
<b>EXPENDITURES</b>			
Park system construction	<u>3,150,271</u>	<u>309,216</u>	<u>2,841,055</u>
<b>TOTAL EXPENDITURES</b>	<u>3,150,271</u>	<u>309,216</u>	<u>2,841,055</u>
Net change in fund balance	(2,720,271)	291,519	3,011,790
Fund balance at beginning of year	<u>2,720,271</u>	<u>3,009,914</u>	<u>289,643</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,301,433</u>	<u>\$ 3,301,433</u>

**CITY OF FOREST GROVE**

**CAPITAL PROJECTS - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 45,252	\$ 51,282	\$ 6,030
Grants	349,980	349,270	(710)
Miscellaneous	<u>102,229</u>	<u>115,886</u>	<u>13,657</u>
 TOTAL REVENUES	 <u>497,461</u>	 <u>516,438</u>	 <u>18,977</u>
 <b>EXPENDITURES</b>			
Materials and services	-	205	(205)
Capital outlay	<u>1,163,335</u>	<u>808,157</u>	<u>355,178</u>
 TOTAL EXPENDITURES	 <u>1,163,335</u>	 <u>808,362</u>	 <u>354,973</u>
 Excess (deficiency) of revenues over expenditures	 <u>(665,874)</u>	 <u>(291,924)</u>	 <u>373,950</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>150,000</u>	 <u>150,000</u>	 <u>-</u>
 Net change in fund balance	 (515,874)	 (141,924)	 373,950
Fund balance at beginning of year	<u>515,874</u>	<u>531,350</u>	<u>15,476</u>
 Fund balance at end of year	 <u>\$ -</u>	 389,426	 <u>\$ 389,426</u>

***Reconciliation to generally accepted accounting principles***

Due from other funds	<u>2,062,561</u>
	<u>\$ 2,451,987</u>

**CITY OF FOREST GROVE**

**FIRE EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Grants	\$ 130,000	\$ -	\$ (130,000)
Intergovernmental	153,050	173,923	20,873
Interest	<u>2,500</u>	<u>3,470</u>	<u>970</u>
 TOTAL REVENUES	 <u>285,550</u>	 <u>177,393</u>	 <u>(108,157)</u>
 <b>EXPENDITURES</b>			
Capital outlay	537,600	346,575	191,025
Contingency	<u>9,000</u>	<u>-</u>	<u>9,000</u>
 TOTAL EXPENDITURES	 <u>546,600</u>	 <u>346,575</u>	 <u>200,025</u>
 Excess (deficiency) of revenues over expenditures	 <u>(261,050)</u>	 <u>(169,182)</u>	 <u>91,868</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	50,000	67,500	17,500
Transfers in	<u>167,000</u>	<u>167,000</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>217,000</u>	 <u>234,500</u>	 <u>17,500</u>
 Net change in fund balance	 (44,050)	 65,318	 109,368
Fund balance at beginning of year	<u>348,572</u>	<u>348,917</u>	<u>345</u>
 Fund balance at end of year	 <u>\$ 304,522</u>	 <u>\$ 414,235</u>	 <u>\$ 109,713</u>

**CITY OF FOREST GROVE**

**BIKE AND PEDESTRIAN PATHWAYS - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	<u>\$ 17,000</u>	<u>\$ 17,354</u>	<u>\$ 354</u>
<b>TOTAL REVENUES</b>	<u>17,000</u>	<u>17,354</u>	<u>354</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>78,351</u>	<u>72,382</u>	<u>5,969</u>
<b>TOTAL EXPENDITURES</b>	<u>78,351</u>	<u>72,382</u>	<u>5,969</u>
Net change in fund balance	(61,351)	(55,028)	6,323
Fund balance at beginning of year	<u>61,351</u>	<u>61,849</u>	<u>498</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 6,821</u>	<u>\$ 6,821</u>

**CITY OF FOREST GROVE**

**CIP EXCISE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 550	\$ 931	\$ 381
Charges for services	<u>352,500</u>	<u>368,148</u>	<u>15,648</u>
<b>TOTAL REVENUES</b>	<u>353,050</u>	<u>369,079</u>	<u>16,029</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>293,645</u>	<u>31,080</u>	<u>262,565</u>
<b>TOTAL EXPENDITURES</b>	<u>293,645</u>	<u>31,080</u>	<u>262,565</u>
Excess of revenues over expenditures	<u>59,405</u>	<u>337,999</u>	<u>278,594</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(280,760)</u>	<u>(280,760)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(280,760)</u>	<u>(280,760)</u>	<u>-</u>
Net change in fund balance	(221,355)	57,239	278,594
Fund balance at beginning of year	<u>221,355</u>	<u>216,761</u>	<u>(4,594)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 274,000</u>	<u>\$ 274,000</u>

**CITY OF FOREST GROVE**

**FACILITY MAJOR MAINTENANCE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 10,000	\$ 23,073	\$ 13,073
<b>TOTAL REVENUES</b>	10,000	23,073	13,073
<b>EXPENDITURES</b>			
Capital outlay	842,733	195,006	647,727
<b>TOTAL EXPENDITURES</b>	842,733	195,006	647,727
Excess (deficiency) of revenues over expenditures	(832,733)	(171,933)	660,800
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	950,000	950,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	950,000	950,000	-
Net change in fund balance	117,267	778,067	660,800
Fund balance at beginning of year	682,733	690,153	7,420
Fund balance at end of year	\$ 800,000	\$ 1,468,220	\$ 668,220

**CITY OF FOREST GROVE**

**LIBRARY ENDOWMENT - PERMANENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 400	\$ 1,110	\$ 710
<b>TOTAL REVENUES</b>	<u>400</u>	<u>1,110</u>	<u>710</u>
<b>EXPENDITURES</b>			
Materials and services	<u>1,534</u>	<u>-</u>	<u>1,534</u>
<b>TOTAL EXPENDITURES</b>	<u>1,534</u>	<u>-</u>	<u>1,534</u>
Net change in fund balance	(1,134)	1,110	2,244
Fund balance at beginning of year	<u>42,321</u>	<u>43,134</u>	<u>813</u>
Fund balance at end of year	<u>\$ 41,187</u>	<u>\$ 44,244</u>	<u>\$ 3,057</u>

**CITY OF FOREST GROVE**

**LIGHT - ENTERPRISE FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 18,318,611	\$ 19,730,244	\$ 1,411,633
Conservation incentive	268,650	422,325	153,675
Licenses and permits	50,000	59,028	9,028
Sale of materials	22,300	53,710	31,410
Interest	27,100	73,542	46,442
Miscellaneous	-	12,000	12,000
	<u>18,686,661</u>	<u>20,350,849</u>	<u>1,664,188</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Electric services	19,346,848	18,706,204	640,644
Debt service	306,975	305,975	1,000
Contingency	289,000	-	289,000
	<u>19,942,823</u>	<u>19,012,179</u>	<u>930,644</u>
<b>TOTAL EXPENDITURES</b>			
Excess (deficiency) of revenues over expenditures	<u>(1,256,162)</u>	<u>1,338,670</u>	<u>2,594,832</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(1,129,312)</u>	<u>(1,129,312)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>(1,129,312)</u>	<u>(1,129,312)</u>	<u>-</u>
Net change in fund balance	(2,385,474)	209,358	2,594,832
Fund balance at beginning of year	<u>5,317,494</u>	<u>5,273,566</u>	<u>(43,928)</u>
Fund balance at end of year	<u>\$ 2,932,020</u>	<u>5,482,924</u>	<u>\$ 2,550,904</u>
<b><i>Reconciliation to generally accepted accounting principles</i></b>			
Inventory		508,571	
Capital assets, net		23,435,107	
Deferred outflows of resources		502,322	
Accrued interest payable		(19,469)	
Other postemployment benefit liability		(236,822)	
Net pension liability		(5,994,303)	
Long-term obligations		(3,375,050)	
Deferred inflows of resources		<u>(539,500)</u>	
Net position - ending		<u>\$ 19,763,780</u>	

**CITY OF FOREST GROVE**

**SEWER - ENTERPRISE FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 1,452,022	\$ 1,562,292	\$ 110,270
Interest	25,000	75,985	50,985
Miscellaneous	10,000	12,322	2,322
<b>TOTAL REVENUES</b>	<b>1,487,022</b>	<b>1,650,599</b>	<b>163,577</b>
<b>EXPENDITURES</b>			
Sewer services	1,449,411	1,159,147	290,264
Contingency	750,000	-	750,000
<b>TOTAL EXPENDITURES</b>	<b>2,199,411</b>	<b>1,159,147</b>	<b>1,040,264</b>
Excess (deficiency) of revenues over expenditures	(712,389)	491,452	1,203,841
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(80,874)	(80,874)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(80,874)</b>	<b>(80,874)</b>	<b>-</b>
Net change in fund balance	(793,263)	410,578	1,203,841
Fund balance at beginning of year	2,934,252	3,467,386	533,134
Fund balance at end of year	<b>\$ 2,140,989</b>	<b>3,877,964</b>	<b>\$ 1,736,975</b>

***Reconciliation to generally accepted accounting principles***

Inventory	11,150
Capital assets, net	8,802,919
Deferred outflows of resources	53,252
Other postemployment benefit liability	(23,783)
Net pension liability	(636,027)
Deferred inflows of resources	(56,925)
Net position-ending	<b>\$ 12,028,550</b>

**CITY OF FOREST GROVE**

**WATER - ENTERPRISE FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 5,000	\$ 4,800	\$ (200)
Charges for services	4,633,462	5,008,379	374,917
Sales of materials	1,102,050	1,351,880	249,830
Rents	36,050	36,050	-
Interest	45,000	232,305	187,305
Miscellaneous	-	1,340	1,340
	<u>5,821,562</u>	<u>6,634,754</u>	<u>813,192</u>
<b>EXPENDITURES</b>			
Water services	4,584,421	3,802,612	781,809
Debt service	433,776	433,555	221
Contingency	1,275,850	-	1,275,850
	<u>6,294,047</u>	<u>4,236,167</u>	<u>2,057,880</u>
Excess (deficiency) of revenues over expenditures	<u>(472,485)</u>	<u>2,398,587</u>	<u>2,871,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(316,317)	(316,317)	-
	<u>(316,317)</u>	<u>(316,317)</u>	<u>-</u>
Net change in fund balance	(788,802)	2,082,270	2,871,072
Fund balance at beginning of year	<u>8,621,462</u>	<u>8,824,964</u>	<u>203,502</u>
Fund balance at end of year	<u>\$ 7,832,660</u>	<u>10,907,234</u>	<u>\$ 3,074,574</u>

***Reconciliation to generally accepted accounting principles***

Inventory	169,920
Investment in joint ventures	6,756,128
Capital assets, net	10,869,203
Deferred outflows of resources	153,922
Accrued interest payable	(9,130)
Bond premium, net	(9,464)
Other postemployment benefit liability	(90,704)
Net pension liability	(1,537,505)
Long-term obligations	(2,468,192)
Deferred inflows of resources	(145,474)
Net position - ending	<u>\$ 24,595,938</u>

**CITY OF FOREST GROVE**

**SURFACE WATER MANAGEMENT - ENTERPRISE FUND (MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ -	\$ 2,083	\$ 2,083
Charges for services	1,171,673	1,182,410	10,737
Interest	<u>3,000</u>	<u>3,242</u>	<u>242</u>
<b>TOTAL REVENUES</b>	<u>1,174,673</u>	<u>1,187,735</u>	<u>13,062</u>
<b>EXPENDITURES</b>			
SWM services	1,576,629	1,088,836	487,793
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,726,629</u>	<u>1,088,836</u>	<u>637,793</u>
Excess (deficiency) of revenues over expenditures	<u>(551,956)</u>	<u>98,899</u>	<u>650,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	150,000	150,000	-
Transfers out	<u>(55,595)</u>	<u>(55,595)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>94,405</u>	<u>94,405</u>	<u>-</u>
Net change in fund balance	(457,551)	193,304	650,855
Fund balance at beginning of year	<u>881,501</u>	<u>758,825</u>	<u>(122,676)</u>
Fund balance at end of year	<u>\$ 423,950</u>	952,129	<u>\$ 528,179</u>

***Reconciliation to generally accepted accounting principles***

Capital assets, net	6,770,714
Deferred outflows of resources	53,271
Other postemployment benefit liability	(49,450)
Net pension liability	(625,292)
Deferred inflows of resources	<u>(62,137)</u>
Net position - ending	<u>\$ 7,039,235</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

**June 30, 2019**

	Sewer System Development Charges	Water System Development Charges	Surface Water Management System Development Charges	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 857,725	\$ 5,555,852	\$ 503,915	\$ 6,917,492
Investments	149,312	967,159	87,721	1,204,192
Receivables, net	<u>1,034</u>	<u>-</u>	<u>-</u>	<u>1,034</u>
<b>TOTAL ASSETS</b>	<u>1,008,071</u>	<u>6,523,011</u>	<u>591,636</u>	<u>8,122,718</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	-	236,417	43,007	279,424
Due to Clean Water Services	<u>41,068</u>	<u>-</u>	<u>-</u>	<u>41,068</u>
<b>TOTAL LIABILITIES</b>	<u>41,068</u>	<u>236,417</u>	<u>43,007</u>	<u>320,492</u>
<b>NET POSITION</b>				
Restricted for capital projects	<u>967,003</u>	<u>6,286,594</u>	<u>548,629</u>	<u>7,802,226</u>
<b>TOTAL NET POSITION</b>	<u>\$ 967,003</u>	<u>\$ 6,286,594</u>	<u>\$ 548,629</u>	<u>\$ 7,802,226</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended June 30, 2019**

	Sewer System Development Charges	Water System Development Charges	Surface Water Management System Development Charges	Totals
<b>OPERATING EXPENSES</b>				
System operation and maintenance	\$ -	\$ 107,087	\$ 43,007	\$ 150,094
<b>TOTAL OPERATING EXPENSES</b>	<u>-</u>	<u>107,087</u>	<u>43,007</u>	<u>150,094</u>
Operating income (loss)	<u>-</u>	<u>(107,087)</u>	<u>(43,007)</u>	<u>(150,094)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earned	<u>14,409</u>	<u>148,946</u>	<u>10,595</u>	<u>173,950</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSE)</b>	<u>14,409</u>	<u>148,946</u>	<u>10,595</u>	<u>173,950</u>
Income (loss) before capital contributions and transfer	14,409	41,859	(32,412)	23,856
Capital contributions	174,689	850,796	70,827	1,096,312
Transfers out	<u>-</u>	<u>(637,765)</u>	<u>-</u>	<u>(637,765)</u>
Change in net position	189,098	254,890	38,415	482,403
Net position at beginning of year	<u>777,905</u>	<u>6,031,704</u>	<u>510,214</u>	<u>7,319,823</u>
Net position at end of year	<u>\$ 967,003</u>	<u>\$ 6,286,594</u>	<u>\$ 548,629</u>	<u>\$ 7,802,226</u>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended June 30, 2019**

	Sewer System Development Charges	Water System Development Charges	Surface Water Management System Development Charges	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 51	\$ -	\$ -	\$ 51
Cash paid to suppliers	<u>1,965</u>	<u>129,330</u>	<u>-</u>	<u>131,295</u>
Net cash provided by (used in) operating activities	<u>2,016</u>	<u>129,330</u>	<u>-</u>	<u>131,346</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers out	<u>-</u>	<u>(1,400)</u>	<u>-</u>	<u>(1,400)</u>
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>(1,400)</u>	<u>-</u>	<u>(1,400)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	<u>174,689</u>	<u>850,796</u>	<u>70,827</u>	<u>1,096,312</u>
Net cash provided by (used in) capital and related financing activities	<u>174,689</u>	<u>850,796</u>	<u>70,827</u>	<u>1,096,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	14,409	148,946	10,595	173,950
Investment in joint venture	-	(636,365)	-	(636,365)
Purchases of investments	<u>(101,540)</u>	<u>(599,698)</u>	<u>(57,848)</u>	<u>(759,086)</u>
Net cash provided by (used in) investing activities	<u>(87,131)</u>	<u>(1,087,117)</u>	<u>(47,253)</u>	<u>(1,221,501)</u>
Net increase (decrease) in cash and cash equivalents	89,574	(108,391)	23,574	4,757
Cash and cash equivalents at beginning of year	<u>768,151</u>	<u>5,664,243</u>	<u>480,341</u>	<u>6,912,735</u>
Cash and cash equivalent at end of year	<u>\$ 857,725</u>	<u>\$ 5,555,852</u>	<u>\$ 503,915</u>	<u>\$ 6,917,492</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ -	\$ (107,087)	\$ (43,007)	\$ (150,094)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Decrease (increase) in assets				
Accounts receivable	51	-	-	51
Increase (decrease) in liabilities				
Accounts payable	-	236,417	43,007	279,424
Due to Clean Water Services	<u>1,965</u>	<u>-</u>	<u>-</u>	<u>1,965</u>
Net cash provided by (used in) operating activities	<u>\$ 2,016</u>	<u>\$ 129,330</u>	<u>\$ -</u>	<u>\$ 131,346</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>				
Transfers out	<u>\$ -</u>	<u>\$ (636,365)</u>	<u>\$ -</u>	<u>\$ (636,365)</u>

**CITY OF FOREST GROVE**

**SEWER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fees and fines	\$ 5,000	\$ -	\$ (5,000)
System development charges	143,000	174,689	31,689
Interest	<u>4,981</u>	<u>14,409</u>	<u>9,428</u>
 TOTAL REVENUES	 <u>152,981</u>	 <u>189,098</u>	 <u>36,117</u>
 <b>EXPENDITURES</b>			
Sewer infrastructure construction	145,000	-	145,000
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
 TOTAL EXPENDITURES	 <u>245,000</u>	 <u>-</u>	 <u>245,000</u>
 Net change in fund balance	 (92,019)	 189,098	 281,117
Fund balance at beginning of year	<u>705,916</u>	<u>777,905</u>	<u>71,989</u>
 Fund balance at end of year	 <u>\$ 613,897</u>	 <u>\$ 967,003</u>	 <u>\$ 353,106</u>

**CITY OF FOREST GROVE**

**WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS)- BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 783,640	\$ 850,796	\$ 67,156
Interest	<u>78,364</u>	<u>148,946</u>	<u>70,582</u>
<b>TOTAL REVENUES</b>	<u>862,004</u>	<u>999,742</u>	<u>137,738</u>
<b>EXPENDITURES</b>			
Water infrastructure construction	1,572,352	743,452	828,900
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,722,352</u>	<u>743,452</u>	<u>978,900</u>
Excess (deficiency) of revenues over expenditures	<u>(860,348)</u>	<u>256,290</u>	<u>1,116,638</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Net change in fund balance	(861,748)	254,890	1,116,638
Fund balance at beginning of year	<u>5,254,268</u>	<u>6,031,704</u>	<u>777,436</u>
Fund balance at end of year	<u>\$ 4,392,520</u>	<u>\$ 6,286,594</u>	<u>\$ 1,894,074</u>

**CITY OF FOREST GROVE**

**SURFACE WATER MANAGEMENT SYSTEM DEVELOPMENT  
CHARGES - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 34,500	\$ 70,827	\$ 36,327
Interest	<u>1,900</u>	<u>10,595</u>	<u>8,695</u>
 TOTAL REVENUES	 <u>36,400</u>	 <u>81,422</u>	 <u>45,022</u>
 <b>EXPENDITURES</b>			
SWC infrastructure construction	375,000	43,007	331,993
Contingency	<u>115,000</u>	<u>-</u>	<u>115,000</u>
 TOTAL EXPENDITURES	 <u>490,000</u>	 <u>43,007</u>	 <u>446,993</u>
 Net change in fund balance	 (453,600)	 38,415	 492,015
Fund balance at beginning of year	<u>494,269</u>	<u>510,214</u>	<u>15,945</u>
 Fund balance at end of year	 <u>\$ 40,669</u>	 <u>\$ 548,629</u>	 <u>\$ 507,960</u>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2019**

	Information Systems	Equipment	Risk Management	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 533,165	\$ 1,282,735	\$ 220,044	\$ 2,035,944
Investments	92,813	223,298	38,305	354,416
Prepays	-	-	123,723	123,723
Total current assets	<u>625,978</u>	<u>1,506,033</u>	<u>382,072</u>	<u>2,514,083</u>
Capital assets				
Other capital assets, net	-	2,232,837	-	2,232,837
Total capital assets	<u>-</u>	<u>2,232,837</u>	<u>-</u>	<u>2,232,837</u>
<b>TOTAL ASSETS</b>	<u>625,978</u>	<u>3,738,870</u>	<u>382,072</u>	<u>4,746,920</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	-	14,363	-	14,363
Other postemployment benefit related items	-	725	-	725
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>15,088</u>	<u>-</u>	<u>15,088</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	32,991	20,194	33,266	86,451
Accrued payroll liabilities	-	4,358	-	4,358
Current portion of long-term obligations	-	10,111	-	10,111
Total current liabilities	<u>32,991</u>	<u>34,663</u>	<u>33,266</u>	<u>100,920</u>
Long-term obligations				
Other postemployment benefit liability	-	20,605	-	20,605
Net pension liability	-	174,292	-	174,292
Total long-term obligations	<u>-</u>	<u>194,897</u>	<u>-</u>	<u>194,897</u>
<b>TOTAL LIABILITIES</b>	<u>32,991</u>	<u>229,560</u>	<u>33,266</u>	<u>295,817</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	-	14,056	-	14,056
Other postemployment benefit related items	-	4,879	-	4,879
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>18,935</u>	<u>-</u>	<u>18,935</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	2,232,837	-	2,232,837
Unrestricted	592,987	1,272,626	348,806	2,214,419
<b>TOTAL NET POSITION</b>	<u>\$ 592,987</u>	<u>\$ 3,505,463</u>	<u>\$ 348,806</u>	<u>\$ 4,447,256</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2019**

	<u>Information Systems</u>	<u>Equipment</u>	<u>City Utility</u>	<u>Risk Management</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 365,845	\$ 935,247	\$ -	\$ 523,264	\$ 1,824,356
Total operating revenues	<u>365,845</u>	<u>935,247</u>	<u>-</u>	<u>523,264</u>	<u>1,824,356</u>
<b>OPERATING EXPENSES</b>					
Systems operation and maintenance	570,048	580,571	222,395	528,266	1,901,280
General fund administrative charges	-	2,794	-	-	2,794
Depreciation	<u>-</u>	<u>319,796</u>	<u>-</u>	<u>-</u>	<u>319,796</u>
Total operating expenses	<u>570,048</u>	<u>903,161</u>	<u>222,395</u>	<u>528,266</u>	<u>2,223,870</u>
Operating income (loss)	<u>(204,203)</u>	<u>32,086</u>	<u>(222,395)</u>	<u>(5,002)</u>	<u>(399,514)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest earned	15,105	26,040	-	9,155	50,300
Miscellaneous	805	10,759	-	78,114	89,678
Gain (loss) on sale of capital assets	<u>-</u>	<u>(12,359)</u>	<u>-</u>	<u>-</u>	<u>(12,359)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>15,910</u>	<u>24,440</u>	<u>-</u>	<u>87,269</u>	<u>127,619</u>
Income (loss) before transfers	(188,293)	56,526	(222,395)	82,267	(271,895)
Transfers in	-	113,760	222,395	-	336,155
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
Change in net position	(188,293)	170,286	-	42,267	24,260
Net position at beginning of year	<u>781,280</u>	<u>3,335,177</u>	<u>-</u>	<u>306,539</u>	<u>4,422,996</u>
Net position at end of year	<u>\$ 592,987</u>	<u>\$ 3,505,463</u>	<u>\$ -</u>	<u>\$ 348,806</u>	<u>\$ 4,447,256</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2019**

	Information Systems	Equipment	City Utility	Risk Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from interfund services provided	\$ 365,845	\$ 935,247	\$ -	\$ 523,264	\$ 1,824,356
Cash paid to employees	-	(226,086)	-	-	(226,086)
Cash paid to suppliers	<u>(550,425)</u>	<u>(292,761)</u>	<u>(222,395)</u>	<u>(490,320)</u>	<u>(1,555,901)</u>
Net cash provided by (used in) operating activities	<u>(184,580)</u>	<u>416,400</u>	<u>(222,395)</u>	<u>32,944</u>	<u>42,369</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	222,395	-	222,395
Transfers out	-	-	-	(40,000)	(40,000)
Net cash provided by (used in) non-capital financial activities	<u>-</u>	<u>-</u>	<u>222,395</u>	<u>(40,000)</u>	<u>182,395</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Transfers in	-	113,760	-	-	113,760
Sale of capital assets	-	79,610	-	-	79,610
Other	805	10,759	-	78,114	89,678
Acquisition of capital assets	-	<u>(457,082)</u>	-	-	<u>(457,082)</u>
Net cash provided by (used in) capital and related financing activities	<u>805</u>	<u>(252,953)</u>	<u>-</u>	<u>78,114</u>	<u>(174,034)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	15,105	26,040	-	9,155	50,300
Purchase of investments	<u>(46,287)</u>	<u>(146,215)</u>	<u>-</u>	<u>(27,875)</u>	<u>(220,377)</u>
Net cash provided by (used in) investing activities	<u>(31,182)</u>	<u>(120,175)</u>	<u>-</u>	<u>(18,720)</u>	<u>(170,077)</u>
Net increase (decrease) in cash and cash equivalents	(214,957)	43,272	-	52,338	(119,347)
Cash and cash equivalents at beginning of year	<u>748,122</u>	<u>1,239,463</u>	<u>-</u>	<u>167,706</u>	<u>2,155,291</u>
Cash and cash equivalent at end of year	<u>\$ 533,165</u>	<u>\$ 1,282,735</u>	<u>\$ -</u>	<u>\$ 220,044</u>	<u>\$ 2,035,944</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ (204,203)	\$ 32,086	\$ (222,395)	\$ (5,002)	\$ (399,514)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	319,796	-	-	319,796
Decrease (increase) in assets and deferred outflows					
Prepaid expenses	-	-	-	6,182	6,182
Pension related items	-	32,940	-	-	32,940
Other postemployment benefit items	-	(38)	-	-	(38)
Increase (decrease) in liabilities and deferred inflows					
Accounts payable	19,623	(5,727)	-	31,764	45,660
Payroll related liabilities	-	942	-	-	942
Compensated absences payable	-	(531)	-	-	(531)
Net pension liability	-	19,428	-	-	19,428
Other postemployment benefit liability	-	144	-	-	144
Pension related items	-	13,643	-	-	13,643
Other postemployment benefit related items	-	<u>3,717</u>	-	-	<u>3,717</u>
Net cash provided by (used in) operating activities	<u>\$ (184,580)</u>	<u>\$ 416,400</u>	<u>\$ (222,395)</u>	<u>\$ 32,944</u>	<u>\$ 42,369</u>

**CITY OF FOREST GROVE**

**INFORMATION SYSTEMS - INTERNAL SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 365,100	\$ 365,100	\$ -
Interest	8,800	15,105	6,305
Miscellaneous	<u>-</u>	<u>1,550</u>	<u>1,550</u>
 TOTAL REVENUES	 <u>373,900</u>	 <u>381,755</u>	 <u>7,855</u>
 <b>EXPENDITURES</b>			
Information system services	665,651	570,048	95,603
Contingency	<u>35,000</u>	<u>-</u>	<u>35,000</u>
 TOTAL EXPENDITURES	 <u>700,651</u>	 <u>570,048</u>	 <u>130,603</u>
 Net change in fund balance	 (326,751)	 (188,293)	 138,458
Fund balance at beginning of year	<u>745,537</u>	<u>781,280</u>	<u>35,743</u>
 Fund balance at end of year	 <u><u>\$ 418,786</u></u>	 <u><u>\$ 592,987</u></u>	 <u><u>\$ 174,201</u></u>

**CITY OF FOREST GROVE**

**EQUIPMENT - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 903,409	\$ 935,247	\$ 31,838
Interest	15,000	26,040	11,040
Miscellaneous	-	10,759	10,759
<b>TOTAL REVENUES</b>	<b>918,409</b>	<b>972,046</b>	<b>53,637</b>
<b>EXPENDITURES</b>			
Vehicle services	998,146	971,143	27,003
Contingency	250,000	-	250,000
<b>TOTAL EXPENDITURES</b>	<b>1,248,146</b>	<b>971,143</b>	<b>277,003</b>
Excess (deficiency) of revenues over expenditures	<b>(329,737)</b>	<b>903</b>	<b>330,640</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	39,000	79,609	40,609
Transfers in	113,760	113,760	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>152,760</b>	<b>193,369</b>	<b>40,609</b>
Net change in fund balance	(176,977)	194,272	371,249
Fund balance at beginning of year	1,270,528	1,287,209	16,681
Fund balance at end of year	<b>\$ 1,093,551</b>	<b>1,481,481</b>	<b>\$ 387,930</b>

***Reconciliation to generally accepted accounting principles***

Capital assets, net	2,232,837
Deferred outflows of resources	15,088
Net pension liability	(174,292)
Other postemployment benefit liability	(20,605)
Long-term obligations	(10,111)
Deferred inflows of resources	(18,935)
Net position-ending	<b>\$ 3,505,463</b>

**CITY OF FOREST GROVE**

**CITY UTILITY - INTERNAL SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Materials and services	\$ 222,395	\$ 222,395	\$ -
<b>TOTAL EXPENDITURES</b>	<u>222,395</u>	<u>222,395</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>222,395</u>	<u>222,395</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>222,395</u>	<u>222,395</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF FOREST GROVE**

**RISK MANAGEMENT - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 523,211	\$ 523,264	\$ 53
Interest	2,500	9,155	6,655
Miscellaneous	<u>-</u>	<u>78,114</u>	<u>78,114</u>
<b>TOTAL REVENUES</b>	<u>525,711</u>	<u>610,533</u>	<u>84,822</u>
<b>EXPENDITURES</b>			
Risk management services	664,719	528,266	136,453
Contingency	<u>40,000</u>	<u>-</u>	<u>40,000</u>
<b>TOTAL EXPENDITURES</b>	<u>704,719</u>	<u>528,266</u>	<u>176,453</u>
Excess (deficiency) of revenues over expenditures	<u>(179,008)</u>	<u>82,267</u>	<u>261,275</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balance	(219,008)	42,267	261,275
Fund balance at beginning of year	<u>307,351</u>	<u>306,539</u>	<u>(812)</u>
Fund balance at end of year	<u><u>\$ 88,343</u></u>	<u><u>\$ 348,806</u></u>	<u><u>\$ 260,463</u></u>

**CITY OF FOREST GROVE**

**UNSEGREGATED TAX AND INTEREST AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2019**

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2019</u>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 177,827</u>	<u>\$ 897,615</u>	<u>\$ 359,849</u>	<u>\$ 715,593</u>
<b>LIABILITIES</b>				
Amounts held in trust	<u>\$ 177,827</u>	<u>\$ 897,615</u>	<u>\$ 359,849</u>	<u>\$ 715,593</u>

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## **COMPLIANCE SECTION**

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

Honorable Mayor and Members  
of the City Council  
CITY OF FOREST GROVE  
Forest Grove, 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 FOREST GROVE as of and for the year ended June 30, 2019, and have issued our report thereon dated February 20, 2020.

### Compliance

As part of obtaining reasonable assurance about whether the City of Forest Grove'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 162-10-240 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.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

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

**A. Budgets legally required (ORS Chapter 294)**

1. In the 2019-20 budget document transfers in totaled \$2,635,976, but transfers out totaled \$2,632,975. Transfers in should equal transfers out.
2. The published financial summary form LB-1 for the 2019-20 budget 2018-19 estimated resources of \$111,380,097 and adopted requirements of \$111,380,097 did not agree with the totals from the detail budget document.
3. In the 2019-20 budget detail the historical information for the 2017-18 year in the General, Sewer, Water, Building Permits, Street, Transportation Services, and Special Public Works Debt Service Funds did not agree with actual amounts from the audit for the year ended June 30, 2018.
4. The 2018-19 budget had disbursements in excess of appropriations (which is prohibited by ORS 294.435) in the following categories:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Capital Projects			
Materials and services	\$ -	\$ 205	\$ (205)

**B. Public procurements (ORS Chapter 297B)**

The City did not keep a written record of the sources of the quotes or proposals received for an intermediate procurement as required by ORS 279B.070(3).

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, 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 City Council and management of the CITY OF FOREST GROVE 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  
 February 20, 2020

By:



Bradley G. Bingenheimer, Member