



**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2020**

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**CITY OF FOREST GROVE  
OFFICERS AND MEMBERS OF THE GOVERNING BODY  
For the Year Ended June 30, 2020**

**CITY MANAGER**

Jesse VanderZanden

**MAYOR**

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**INDEPENDENT AUDITOR'S REPORT**

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 (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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.

### **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 the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for 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 54 – 59 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.

Mayor and Members  
of the City Council  
City of Forest Grove  
Independent Auditor's Report  
March 12, 2021  
Page Three

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.

**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 March 12, 2021 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.

*Singer Lewak LLP*

March 12, 2021

By:



Bradley G. Bingenheimer,  
Partner

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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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources by \$120.0 million at June 30, 2020. Of this amount, \$9.8 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 increased by \$2.18 million in governmental activities and by \$4.0 million in business-type activities for a total increase of \$6.18 million.
- The General Fund reported an ending fund balance at June 30, 2020, of \$7,349,552 which is a decrease of \$317,281 from the prior fiscal year. Ending fund balance at June 30, 2020, was 37.3% of the General Fund expenditures for the fiscal year ending June 30, 2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* 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 *required supplementary information* and *supplementary information* that further explain and support 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, 2020 and 2019**  
*(In thousands of dollars)*

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and other assets	\$ 37,312	\$ 35,621	\$ 41,293	\$ 38,900	\$ 78,605	\$ 74,521
Capital assets, net	<u>32,745</u>	<u>31,805</u>	<u>51,386</u>	<u>49,878</u>	<u>84,131</u>	<u>81,683</u>
Total assets	<u>70,057</u>	<u>67,426</u>	<u>92,679</u>	<u>88,778</u>	<u>162,736</u>	<u>156,204</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$ 1,266	\$ 2,347	\$ 134	\$ 725	\$ 1,400	\$ 3,072
OPEB Items	93	169	29	14	122	183
Deferred charge	<u>-</u>	<u>-</u>	<u>14</u>	<u>24</u>	<u>14</u>	<u>24</u>
Total Deferred Outflows of Resources	<u>1,359</u>	<u>2,516</u>	<u>177</u>	<u>763</u>	<u>1,536</u>	<u>3,279</u>
<b>LIABILITIES</b>						
Current and other liabilities	\$ 1,159	\$ 990	\$ 2,643	\$ 2,460	\$ 3,802	\$ 3,450
Long-term obligations	<u>24,606</u>	<u>24,445</u>	<u>14,659</u>	<u>15,047</u>	<u>39,265</u>	<u>39,492</u>
Total liabilities	<u>25,765</u>	<u>25,435</u>	<u>17,302</u>	<u>17,507</u>	<u>43,067</u>	<u>42,942</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension related items	\$ 582	\$ 1,767	\$ 233	\$ 709	\$ 815	\$ 2,476
OPEB Items	<u>245</u>	<u>284</u>	<u>76</u>	<u>95</u>	<u>321</u>	<u>379</u>
Total Deferred Outflows of Resources	<u>827</u>	<u>2,051</u>	<u>309</u>	<u>804</u>	<u>1,136</u>	<u>2,855</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 32,744	\$ 31,805	\$ 46,528	\$ 44,423	\$ 79,272	\$ 76,228
Restricted	22,827	21,430	8,179	7,802	31,006	29,232
Unrestricted	<u>(10,747)</u>	<u>(10,779)</u>	<u>20,538</u>	<u>19,005</u>	<u>9,791</u>	<u>8,226</u>
Total net position	<u>\$ 44,824</u>	<u>\$ 42,456</u>	<u>\$ 75,245</u>	<u>\$ 71,230</u>	<u>\$ 120,069</u>	<u>\$ 113,686</u>

Total governmental assets are up about \$2.6 million or 4% from the previous fiscal year. Funds received from Parks and transportation system development charges again represent a significant portion of the increase. Other smaller increases in many of the funds contributed to the increase.

Business-type capital assets represent 55.4% of the total business-type assets and increased by \$1.5 million from the prior year. Business-Type Activities current and other assets increased by \$3.9 million from the prior year. Most of that increase is due to increase in cash and investments due to increased water and sewer SDC collections, increased timber harvest net revenue, and retaining cash from utility collections for future capital projects as part of the City's plan for future water and sewer infrastructure projects.

The overall increase in total net position is due primarily to the above changes.

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

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

**STATEMENT OF ACTIVITIES for FISCAL YEARS ENDING JUNE 30, 2020 and 2019**

*(In thousands of dollars)*

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 9,690	\$ 9,872	\$ 28,383	\$ 27,984	\$ 38,073	\$ 37,856
Operating grants	2,485	2,287	-	-	2,485	2,287
Capital grants	2,398	3,171	896	1,096	3,294	4,267
General revenues:						
Taxes	10,725	10,034	-	-	10,725	10,034
Other	<u>2,071</u>	<u>1,967</u>	<u>1,818</u>	<u>1,647</u>	<u>3,889</u>	<u>3,614</u>
Total revenues	<u>27,369</u>	<u>27,331</u>	<u>31,097</u>	<u>30,727</u>	<u>58,466</u>	<u>58,058</u>
<b>EXPENSES:</b>						
General government	10,178	12,813	-	-	10,178	12,813
Public safety	12,387	15,024	-	-	12,387	15,024
Highways and streets	2,390	2,817	-	-	2,390	2,817
Culture and recreation	1,761	1,898	-	-	1,761	1,898
Power services	-	-	19,008	20,452	19,008	20,452
Sewer services	-	-	1,140	1,380	1,140	1,380
Water services	-	-	4,097	4,468	4,097	4,468
Surface water management	-	-	1,256	1,209	1,256	1,209
Interest on long-term debt	<u>67</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>67</u>	<u>41</u>
Total expenses	<u>26,783</u>	<u>32,593</u>	<u>25,501</u>	<u>27,509</u>	<u>52,284</u>	<u>60,102</u>
Change in net position before transfers	586	(5,262)	5,596	3,218	6,182	(2,044)
Transfers	<u>1,581</u>	<u>1,433</u>	<u>(1,581)</u>	<u>(1,433)</u>	<u>-</u>	<u>-</u>
Change in net position	2,167	(3,829)	4,015	4,618	6,182	(2,044)
Net position at beginning of year	42,456	46,285	71,230	65,006	113,686	115,730
Prior period adjustment	<u>201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201</u>	<u>-</u>
Net position at end of year	<u>\$ 44,824</u>	<u>\$ 42,456</u>	<u>\$ 75,245</u>	<u>\$ 71,230</u>	<u>\$ 120,069</u>	<u>\$ 113,686</u>

The City's total revenues were \$58.5 million which increased by 0.7% from 2019. The major sources of revenues are business-type activity charges for services and governmental activities taxes, which account for 48.6% and 18.3% of total revenues, respectively. The total cost of all programs was \$52.3 million which is a 13% decrease from 2019. Net position increased by \$6.18 million or 5.4% from 2019 indicating an increase in the City's overall financial position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental fund balances totaled \$33,408,258 at June 30, 2020, for an increase of \$1,388,369. Proprietary net position totaled \$75,244,806 at June 30, 2020, for an overall increase of \$4,015,077. 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, 2020</u>	<u>Balance at June 30, 2019</u>	<u>Change</u>
General	\$ 7,349,552	\$ 7,666,833	\$ (317,281)
Street	1,874,981	1,451,779	423,202
Urban Renewal Agency	(1,401,852)	(1,716,371)	314,519
Transportation Development Tax	11,963,883	10,731,588	1,232,295
Non-major governmental	<u>13,621,694</u>	<u>13,886,060</u>	<u>(264,366)</u>
Totals	<u>\$ 33,408,258</u>	<u>\$ 32,019,889</u>	<u>\$ 1,388,369</u>

#### CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	<u>Balance at June 30, 2020</u>	<u>Balance at June 30, 2019</u>	<u>Change</u>
Light	\$ 20,312,833	\$ 19,763,780	\$ 549,053
Sewer	13,607,525	12,995,553	611,972
Water	33,725,733	30,882,532	2,843,201
Surface Water Management	<u>7,598,715</u>	<u>7,587,864</u>	<u>10,851</u>
Totals	<u>\$ 75,244,806</u>	<u>\$ 71,229,729</u>	<u>\$ 4,015,077</u>

#### City Fund's Highlights

The fund balance in the General Fund decreased by \$317,281 which is less than the amount expected according to the adopted budget for the fiscal year ending June 30, 2020. Revenues from other governments funds were slightly higher than expected due to reimbursement for fire conflagrations and expenditures were lower than anticipated. COVID-19 did not have a major effect on either revenues or expenditures through June 30, 2020. 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 and higher than anticipated net timber harvest revenues.

#### CAPITAL ASSETS

At June 30, 2020, the City had \$84,130,061 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 \$2,447,570. More detailed information about the City's capital assets is presented in the notes to the financial statements.

#### LONG TERM DEBT

At June 30, 2020, the City had \$4,848,407 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, 2017, 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 2020-21 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 a higher than anticipated rate resulting in higher than projected property tax revenue. City budgets for about a 3.5% increase in assessed value and the actual increase was 5.6% for the fiscal year ending June 30, 2020. Residential development is expected to continue at the same pace as new subdivisions are being proposed.
- The City's five-year local option property tax levy is at the same rate for the remaining years of the levy through June 30, 2023. The levy is helping the City to maintain current service levels but does not provide new funding for increasing services. The City is beginning planning for the submittal of a replacement levy for the current levy and evaluating if an increased rate needs to be requested. The City is also examining forming a fire district with surrounding fire agencies within the next few years. It is not yet known what the effect on the City's tax rate would be if a fire district is formed.
- Retirement costs for the City's private defined benefit retirement plan have stabilized after several years of large increases due to implementing changes in the actuarial assumptions including updating the mortality tables and lowering the assumed rate of return from 7.25% to 6.00% over the past four years. Retirement costs are projected to be stable over the next several years depending on actual investment returns.
- The City held off on any rate or fee increases on July 1, 2020, due to concerns over COVID-19 and its impact to City residents. As of the date of this audit report, no increases to rates or fees had occurred in the current fiscal year. Electric and water rates were expected to increase for the next several years as the City continues to address updating aging infrastructure for both of those utilities. City staff is reviewing the impact of not increasing rates or fees on the City's long-term financial projections to determine what actions, if any, will be needed to address delaying or not doing rate and fee increases.

### **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, 2020**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,192,283	\$ 22,149,259	\$ 48,341,542
Investments	10,102,095	8,542,737	18,644,832
Receivables, net	766,523	3,090,692	3,857,215
Inventory	-	663,379	663,379
Prepaid items	211,413	45,771	257,184
Accrued interest receivable	40,147	33,171	73,318
Investment in joint ventures	-	6,768,253	6,768,253
Capital assets:			
Land and construction in progress	9,924,771	1,898,897	11,823,668
Other capital assets, net	22,819,686	49,486,707	72,306,393
<b>TOTAL ASSETS</b>	<b>70,056,918</b>	<b>92,678,866</b>	<b>162,735,784</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	1,265,833	134,128	1,399,961
Other postemployment benefit related items	93,381	28,887	122,268
Excess of reacquisition price over carrying amount of refunded long-term obligations	-	14,414	14,414
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,359,214</b>	<b>177,429</b>	<b>1,536,643</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	888,822	2,458,390	3,347,212
Payroll related liabilities	250,893	77,279	328,172
Accrued interest payable	8,926	25,001	33,927
Deposits	10,395	82,434	92,829
Long-term obligations:			
Due within one year	989,191	1,018,380	2,007,571
Due in more than one year	23,616,749	13,640,971	37,257,720
<b>TOTAL LIABILITIES</b>	<b>25,764,976</b>	<b>17,302,455</b>	<b>43,067,431</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	581,688	233,293	814,981
Other postemployment benefit related items	244,846	75,741	320,587
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>826,534</b>	<b>309,034</b>	<b>1,135,568</b>
<b>NET POSITION</b>			
Net investment in capital assets	32,744,457	46,527,733	79,272,190
Restricted for:			
Highways and streets	1,874,981	-	1,874,981
Building operations	3,278,161	-	3,278,161
Community enhancement	92,597	-	92,597
Tourism	145,233	-	145,233
Capital projects	17,391,257	8,179,403	25,570,660
Other purposes	45,239	-	45,239
Unrestricted	(10,747,303)	20,537,670	9,790,367
<b>TOTAL NET POSITION</b>	<b>\$ 44,824,622</b>	<b>\$ 75,244,806</b>	<b>\$ 120,069,428</b>

*See accompanying notes*

**CITY OF FOREST GROVE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental activities</b>							
General government	\$ 10,177,833	\$ 7,887,070	\$ 15,486	\$ 388,227	\$ (1,887,050)		\$ (1,887,050)
Public safety	12,387,327	1,432,985	131,253	-	(10,823,089)		(10,823,089)
Highways and streets	2,389,553	6,171	2,246,444	1,411,142	1,274,204		1,274,204
Culture and recreation	1,761,119	363,724	92,078	598,327	(706,990)		(706,990)
Interest on long-term obligations	67,160	-	-	-	(67,160)		(67,160)
<b>Total governmental activities</b>	<b>26,782,992</b>	<b>9,689,950</b>	<b>2,485,261</b>	<b>2,397,696</b>	<b>(12,210,085)</b>		<b>(12,210,085)</b>
<b>Business-type activities</b>							
Light	19,008,399	20,595,229	-	-		\$ 1,586,830	1,586,830
Sewer	1,139,530	1,617,673	-	137,047		615,190	615,190
Water	4,097,294	4,908,125	-	714,158		1,524,989	1,524,989
Surface water management	1,256,283	1,261,848	-	45,383		50,948	50,948
<b>Total business-type activities</b>	<b>25,501,506</b>	<b>28,382,875</b>	<b>-</b>	<b>896,588</b>		<b>3,777,957</b>	<b>3,777,957</b>
<b>Totals</b>	<b>\$ 52,284,498</b>	<b>\$ 38,072,825</b>	<b>\$ 2,485,261</b>	<b>\$ 3,294,284</b>	<b>(12,210,085)</b>	<b>3,777,957</b>	<b>(8,432,128)</b>
<b>General revenues</b>							
Property taxes, levied for:							
General purposes					9,456,573	-	9,456,573
Other					425,005	-	425,005
Franchise taxes					623,639	-	623,639
Transient room tax					94,513	-	94,513
Marijuana tax					125,009	-	125,009
Grants and contributions not restricted to specific programs					971,759	-	971,759
Unrestricted investment earnings					843,534	558,305	1,401,839
Rents					-	36,050	36,050
Miscellaneous					255,848	1,547,705	1,803,553
(Loss) on investment in joint ventures					-	(323,702)	(323,702)
<b>Transfers</b>					1,581,238	(1,581,238)	-
<b>Total general revenues and transfers</b>					<b>14,377,118</b>	<b>237,120</b>	<b>14,614,238</b>
Change in net position					2,167,033	4,015,077	6,182,110
Net position - beginning					42,455,723	71,229,729	113,685,452
Prior period adjustment					201,866	-	201,866
<b>Net position - ending</b>					<b>\$ 44,824,622</b>	<b>\$ 75,244,806</b>	<b>\$ 120,069,428</b>

*See accompanying notes*

**CITY OF FOREST GROVE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020**

	General	Street	Urban Renewal	Transportation Development	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,371,866	\$ 1,369,959	\$ 190,178	\$ 8,624,563	\$ 8,858,702	\$ 24,415,268
Investments	2,071,873	528,379	73,350	3,326,404	3,416,713	9,416,719
Receivables, net	373,525	180	133,322	-	259,496	766,523
Due from other funds	-	-	-	-	1,785,122	1,785,122
Prepaid items	40,824	-	-	-	500	41,324
Accrued interest receivable	8,045	2,052	285	12,916	14,207	37,505
<b>TOTAL ASSETS</b>	<b>\$ 7,866,133</b>	<b>\$ 1,900,570</b>	<b>\$ 397,135</b>	<b>\$ 11,963,883</b>	<b>\$ 14,334,740</b>	<b>\$ 36,462,461</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 185,620	\$ 17,707	\$ 12,856	\$ -	\$ 636,281	\$ 852,464
Payroll related liabilities	228,120	7,882	-	-	11,008	247,010
Deposits	-	-	-	-	10,395	10,395
Due to other funds	-	-	1,785,122	-	-	1,785,122
<b>TOTAL LIABILITIES</b>	<b>413,740</b>	<b>25,589</b>	<b>1,797,978</b>	<b>-</b>	<b>657,684</b>	<b>2,894,991</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	102,841	-	1,009	-	55,362	159,212
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>102,841</b>	<b>-</b>	<b>1,009</b>	<b>-</b>	<b>55,362</b>	<b>159,212</b>
<b>FUND BALANCES</b>						
Nonspendable	40,824	-	-	-	41,686	82,510
Restricted	-	1,874,981	-	11,963,883	8,946,942	22,785,806
Committed	-	-	-	-	585,428	585,428
Assigned	900,000	-	-	-	4,047,638	4,947,638
Unassigned	6,408,728	-	(1,401,852)	-	-	5,006,876
<b>TOTAL FUND BALANCES</b>	<b>7,349,552</b>	<b>1,874,981</b>	<b>(1,401,852)</b>	<b>11,963,883</b>	<b>13,621,694</b>	<b>33,408,258</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,866,133</b>	<b>\$ 1,900,570</b>	<b>\$ 397,135</b>	<b>\$ 11,963,883</b>	<b>\$ 14,334,740</b>	<b>\$ 36,462,461</b>

*See accompanying notes*

**CITY OF FOREST GROVE**

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

**June 30, 2020**

TOTAL FUND BALANCES PER BALANCE SHEET OF GOVERNMENTAL FUNDS      \$ 33,408,258

*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      32,744,457

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds      159,212

The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position      \$ 4,679,389

Compensated absences of the internal service fund included below	11,205	
Pension related liabilities, deferred outflows and deferred inflows	166,613	
Other postemployment benefit related liabilities, deferred outflows and deferred inflows	24,996	
Capital assets of the internal service fund included above	<u>(2,287,322)</u>	2,594,881

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      1,359,214

Some liabilities, including accrued interest payable, 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      (24,614,866)

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      (826,534)

NET POSITION OF GOVERNMENTAL ACTIVITIES      \$ 44,824,622

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020**

	General	Street	Urban Renewal	Transpor- tation Development	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 9,464,079	\$ -	\$ 425,005	\$ -	\$ -	\$ 9,889,084
Other taxes	228,208	417,995	-	976,850	92,078	1,715,131
Licenses and permits	200,123	367	-	-	1,314,635	1,515,125
Intergovernmental	2,518,149	1,811,008	127,519	-	944,546	5,401,222
System development charges	-	-	-	-	588,327	588,327
Fees and fines	440,497	-	-	-	-	440,497
Franchise fees	623,639	-	-	-	-	623,639
Interest	231,661	26,276	9,618	255,445	267,540	790,540
Grants	17,577	-	-	-	167,795	185,372
Charges for services	4,517,840	26,418	-	-	378,224	4,922,482
Miscellaneous	303,355	1,688	-	-	28,245	333,288
<b>TOTAL REVENUES</b>	<u>18,545,128</u>	<u>2,283,752</u>	<u>562,142</u>	<u>1,232,295</u>	<u>3,781,390</u>	<u>26,404,707</u>
<b>EXPENDITURES</b>						
Current						
General government	6,976,702	-	189,389	-	1,161,291	8,327,382
Public safety	11,262,887	-	-	-	-	11,262,887
Highways and streets	-	1,209,145	-	-	477,142	1,686,287
Culture and recreation	1,433,859	-	-	-	870	1,434,729
Capital outlay	9,244	651,405	-	-	2,877,447	3,538,096
Debt service	-	-	58,234	-	-	58,234
<b>TOTAL EXPENDITURES</b>	<u>19,682,692</u>	<u>1,860,550</u>	<u>247,623</u>	<u>-</u>	<u>4,516,750</u>	<u>26,307,615</u>
Excess (deficiency) of revenues over expenditures	<u>(1,137,564)</u>	<u>423,202</u>	<u>314,519</u>	<u>1,232,295</u>	<u>(735,360)</u>	<u>97,092</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,470,283	-	-	-	825,000	2,295,283
Transfers out	(650,000)	-	-	-	(354,006)	(1,004,006)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>820,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,994</u>	<u>1,291,277</u>
Net change in fund balances	(317,281)	423,202	314,519	1,232,295	(264,366)	1,388,369
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 7,349,552</u>	<u>\$ 1,874,981</u>	<u>\$ (1,401,852)</u>	<u>\$ 11,963,883</u>	<u>\$ 13,621,694</u>	<u>\$ 33,408,258</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, 2020**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,388,369

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

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	\$ 2,375,339	
Depreciation	<u>(1,489,915)</u>	885,424

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	(7,506)	
Accounts	<u>(21,783)</u>	(29,289)

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 (146,426)

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 (72,309)

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

Accrued interest payable	(8,926)	
Compensated absences	(81,943)	

Net income of internal service funds 232,133

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,167,033

*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, 2020**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 9,299,208	\$ 9,299,208	\$ 9,464,079	\$ 164,871
Transient room tax	115,000	115,000	94,513	(20,487)
Marijuana tax	90,000	90,000	125,009	35,009
Licenses and permits	150,310	150,310	200,123	49,813
Intergovernmental	2,391,617	2,391,617	2,518,149	126,532
Construction excise tax	10,000	10,000	8,686	(1,314)
Fees and fines	471,812	471,812	440,497	(31,315)
Franchise fees	650,000	650,000	623,639	(26,361)
Interest	242,000	242,000	214,633	(27,367)
Grants	20,300	66,800	17,577	(49,223)
Charges for services	4,673,223	4,673,223	4,517,840	(155,383)
Miscellaneous	251,695	251,695	303,355	51,660
<b>TOTAL REVENUES</b>	<u>18,365,165</u>	<u>18,411,665</u>	<u>18,528,100</u>	<u>116,435</u>
<b>EXPENDITURES</b>				
Legislative and executive	658,767	662,767	613,921	48,846
Administrative services	3,310,879	3,360,879	3,295,818	65,061
Library	1,375,735	1,375,735	1,252,258	123,477
Planning	571,925	571,925	474,830	97,095
Fire	4,949,795	5,156,795	5,012,645	144,150
Engineering	980,941	980,941	954,831	26,110
Police	6,674,081	6,674,081	6,259,267	414,814
Aquatics	714,996	714,996	632,677	82,319
Parks and recreation	795,631	820,631	801,182	19,449
Municipal court	410,143	410,143	361,313	48,830
Nondepartmental				
Materials and services	10,000	35,000	23,950	11,050
Contingency	1,000,000	735,500	-	735,500
<b>TOTAL EXPENDITURES</b>	<u>21,452,893</u>	<u>21,499,393</u>	<u>19,682,692</u>	<u>1,816,701</u>
Excess (deficiency) of revenues over expenditures	<u>(3,087,728)</u>	<u>(3,087,728)</u>	<u>(1,154,592)</u>	<u>1,933,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,470,284	1,470,284	1,470,283	(1)
Transfers out	(650,000)	(650,000)	(650,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>820,284</u>	<u>820,284</u>	<u>820,283</u>	<u>(1)</u>
Net change in fund balance	(2,267,444)	(2,267,444)	(334,309)	1,933,135
Fund balance at beginning of year	7,584,481	7,584,481	7,666,833	82,352
Fund balance at end of year	<u>\$ 5,317,037</u>	<u>\$ 5,317,037</u>	<u>\$ 7,332,524</u>	<u>\$ 2,015,487</u>

*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, 2020

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Vehicle registration tax	\$ 310,000	\$ 417,995	\$ 107,995
Licenses and permits	2,500	367	(2,133)
Intergovernmental	1,815,385	1,811,008	(4,377)
Interest	21,000	21,933	933
Charges for services	-	26,418	26,418
Miscellaneous	-	1,688	1,688
TOTAL REVENUES	<u>2,148,885</u>	<u>2,279,409</u>	<u>130,524</u>
<b>EXPENDITURES</b>			
Street services	2,340,274	1,860,550	479,724
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL EXPENDITURES	<u>2,440,274</u>	<u>1,860,550</u>	<u>579,724</u>
Net change in fund balance	(291,389)	418,859	710,248
Fund balance at beginning of year	<u>1,619,269</u>	<u>1,451,779</u>	<u>(167,490)</u>
Fund balance at end of year	<u>\$ 1,327,880</u>	<u>\$ 1,870,638</u>	<u>\$ 542,758</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, 2020**

	Budget			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 322,750	\$ 322,750	\$ 425,005	\$ 102,255
Intergovernmental	-	-	127,519	127,519
Interest	9,000	9,000	9,015	15
	<u>331,750</u>	<u>331,750</u>	<u>561,539</u>	<u>229,789</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Materials and services	178,891	204,891	189,389	15,502
Debt service	335,673	335,673	335,673	-
	<u>514,564</u>	<u>540,564</u>	<u>525,062</u>	<u>15,502</u>
<b>TOTAL EXPENDITURES</b>				
Net change in fund balance	(182,814)	(208,814)	36,477	245,291
Fund balance at beginning of year	342,814	342,814	346,190	3,376
	<u>342,814</u>	<u>342,814</u>	<u>346,190</u>	<u>3,376</u>
Fund balance at end of year	<u>\$ 160,000</u>	<u>\$ 134,000</u>	<u>\$ 382,667</u>	<u>\$ 248,667</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2020**

	Business-type Activities				Governmental	
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 3,692,319	\$ 3,690,411	\$ 13,949,581	\$ 816,948	\$ 22,149,259	\$ 1,777,015
Investments	1,424,088	1,423,353	5,380,207	315,089	8,542,737	685,376
Receivables, net	1,822,875	610,523	499,125	158,169	3,090,692	-
Inventory	478,998	11,635	172,746	-	663,379	-
Prepaid expense	45,771	-	-	-	45,771	170,089
Accrued interest receivable	5,530	5,527	20,891	1,223	33,171	2,642
Total current assets	<u>7,469,581</u>	<u>5,741,449</u>	<u>20,022,550</u>	<u>1,291,429</u>	<u>34,525,009</u>	<u>2,635,122</u>
Investment in joint ventures	-	-	6,768,253	-	6,768,253	-
Capital assets and intangibles						
Land and construction in progress	1,084,150	81,022	733,725	-	1,898,897	-
Other capital assets and intangibles, net	22,857,974	9,055,121	10,486,954	7,086,658	49,486,707	2,287,322
Total capital assets	<u>23,942,124</u>	<u>9,136,143</u>	<u>11,220,679</u>	<u>7,086,658</u>	<u>51,385,604</u>	<u>2,287,322</u>
<b>TOTAL ASSETS</b>	<u>31,411,705</u>	<u>14,877,592</u>	<u>38,011,482</u>	<u>8,378,087</u>	<u>92,678,866</u>	<u>4,922,444</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	93,598	8,251	22,381	9,898	134,128	2,459
Other postemployment benefit related items	16,795	1,755	7,184	3,153	28,887	1,584
Excess of reacquisition price over carrying amount of refunded long-term obligations	-	-	14,414	-	14,414	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>110,393</u>	<u>10,006</u>	<u>43,979</u>	<u>13,051</u>	<u>177,429</u>	<u>4,043</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued liabilities	1,178,728	680,340	545,370	53,952	2,458,390	36,358
Payroll related liabilities	54,308	2,926	15,047	4,998	77,279	3,883
Accrued interest payable	18,061	-	6,940	-	25,001	-
Customer deposits	82,434	-	-	-	82,434	-
Current portion of long-term obligations	455,176	-	563,204	-	1,018,380	11,205
Total current liabilities	<u>1,788,707</u>	<u>683,266</u>	<u>1,130,561</u>	<u>58,950</u>	<u>3,661,484</u>	<u>51,446</u>
Long-term obligations						
Bonds and loans	2,703,000	-	1,539,734	-	4,242,734	-
Other postemployment benefit liability	237,720	24,845	101,678	44,606	408,849	22,426
Net pension liability	6,273,002	553,008	1,499,990	663,388	8,989,388	164,795
Total long-term obligations	<u>9,213,722</u>	<u>577,853</u>	<u>3,141,402</u>	<u>707,994</u>	<u>13,640,971</u>	<u>187,221</u>
<b>TOTAL LIABILITIES</b>	<u>11,002,429</u>	<u>1,261,119</u>	<u>4,271,963</u>	<u>766,944</u>	<u>17,302,455</u>	<u>238,667</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related items	162,797	14,352	38,928	17,216	233,293	4,277
Other postemployment benefit related items	44,039	4,602	18,837	8,263	75,741	4,154
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>206,836</u>	<u>18,954</u>	<u>57,765</u>	<u>25,479</u>	<u>309,034</u>	<u>8,431</u>
<b>NET POSITION</b>						
Net investment in capital assets	21,004,124	9,136,143	9,300,808	7,086,658	46,527,733	2,287,322
Restricted for capital projects	-	1,121,349	6,695,629	362,425	8,179,403	-
Unrestricted	(691,291)	3,350,033	17,729,296	149,632	20,537,670	2,392,067
<b>TOTAL NET POSITION</b>	<u>\$ 20,312,833</u>	<u>\$ 13,607,525</u>	<u>\$ 33,725,733</u>	<u>\$ 7,598,715</u>	<u>\$ 75,244,806</u>	<u>\$ 4,679,389</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, 2020**

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Total	Internal
					Enterprise Funds	Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 20,388,864	\$ 1,613,925	\$ 4,899,218	\$ 1,261,848	\$ 28,163,855	\$ 1,836,701
Conservation incentive	206,365	-	-	-	206,365	-
Licenses, permits, and fees	-	3,748	8,907	-	12,655	-
<b>TOTAL OPERATING REVENUES</b>	<u>20,595,229</u>	<u>1,617,673</u>	<u>4,908,125</u>	<u>1,261,848</u>	<u>28,382,875</u>	<u>1,836,701</u>
<b>OPERATING EXPENSES</b>						
System operation and maintenance	4,255,661	106,885	1,789,756	619,403	6,771,705	1,676,544
Electricity purchases	11,003,071	-	-	-	11,003,071	-
General fund administration charges	1,619,271	728,938	1,284,619	435,892	4,068,720	2,680
General and administrative costs	423,860	25,269	517,662	13,705	980,496	-
Depreciation and amortization	879,838	278,438	431,635	187,283	1,777,194	357,472
<b>TOTAL OPERATING EXPENSES</b>	<u>18,181,701</u>	<u>1,139,530</u>	<u>4,023,672</u>	<u>1,256,283</u>	<u>24,601,186</u>	<u>2,036,696</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,413,528</u>	<u>478,143</u>	<u>884,453</u>	<u>5,565</u>	<u>3,781,689</u>	<u>(199,995)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest earned	55,969	83,538	403,571	15,227	558,305	52,994
Interest	(74,905)	-	(73,622)	-	(148,527)	-
Rents	-	-	36,050	-	36,050	-
Miscellaneous	19,234	436	1,527,677	358	1,547,705	100,403
Gain (loss) on sale of capital assets	(751,793)	-	-	-	(751,793)	(11,230)
(Loss) on investment in joint ventures	-	-	(323,702)	-	(323,702)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(751,495)</u>	<u>83,974</u>	<u>1,569,974</u>	<u>15,585</u>	<u>918,038</u>	<u>142,167</u>
Income (loss) before capital contributions and transfers	1,662,033	562,117	2,454,427	21,150	4,699,727	(57,828)
Capital contributions	-	137,047	714,158	45,383	896,588	-
Transfers in	-	-	-	-	-	329,961
Transfers out	(1,112,980)	(87,192)	(325,384)	(55,682)	(1,581,238)	(40,000)
Change in net position	549,053	611,972	2,843,201	10,851	4,015,077	232,133
Net position at beginning of year	<u>19,763,780</u>	<u>12,995,553</u>	<u>30,882,532</u>	<u>7,587,864</u>	<u>71,229,729</u>	<u>4,447,256</u>
Net position at end of year	<u>\$ 20,312,833</u>	<u>\$ 13,607,525</u>	<u>\$ 33,725,733</u>	<u>\$ 7,598,715</u>	<u>\$ 75,244,806</u>	<u>\$ 4,679,389</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2020**

	Business-type Activities					Governmental
	Light	Sewer	Water	Surface	Total	Internal
				Water	Enterprise	Service
			Management	Funds	Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 20,700,618	\$ 1,708,639	\$ 5,051,215	\$ 1,275,141	\$ 28,735,613	\$ 1,836,701
Cash paid to employees	(3,702,045)	(316,622)	(1,176,940)	35,551	(5,160,056)	(233,911)
Cash paid to suppliers	(13,201,534)	(621,286)	(2,338,145)	(1,120,190)	(17,281,155)	(1,548,288)
Net cash provided by (used in) operating activities	<u>3,797,039</u>	<u>770,731</u>	<u>1,536,130</u>	<u>190,502</u>	<u>6,294,402</u>	<u>54,502</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	-	-	-	219,891
Transfers out	(1,112,980)	(87,192)	(325,384)	(55,682)	(1,581,238)	(40,000)
Net cash provided by (used in) non-capital financing activities	<u>(1,112,980)</u>	<u>(87,192)</u>	<u>(325,384)</u>	<u>(55,682)</u>	<u>(1,581,238)</u>	<u>179,891</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Transfers in	-	-	-	-	-	110,070
Sale of capital assets	-	-	-	-	-	20,549
Capital contributions	-	137,047	714,158	45,383	896,588	-
Rent	-	-	36,050	-	36,050	-
Other	19,234	436	1,527,677	358	1,547,705	100,403
Acquisition of capital assets	(2,138,648)	(611,662)	(783,111)	(503,227)	(4,036,648)	(443,736)
Principal paid on long-term obligations	(229,000)	-	(365,564)	-	(594,564)	-
Interest paid on long-term obligations	(76,313)	-	(69,360)	-	(145,673)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,424,727)</u>	<u>(474,179)</u>	<u>1,059,850</u>	<u>(457,486)</u>	<u>(2,296,542)</u>	<u>(212,714)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	50,439	78,011	382,680	14,004	525,134	50,352
Investments in joint ventures	-	-	(335,827)	-	(335,827)	-
Purchases of investments	(711,414)	(707,750)	(2,857,808)	(101,478)	(4,378,450)	(330,960)
Net cash provided by (used in) investing activities	<u>(660,975)</u>	<u>(629,739)</u>	<u>(2,810,955)</u>	<u>(87,474)</u>	<u>(4,189,143)</u>	<u>(280,608)</u>
Net increase (decrease) in cash and cash equivalents	(401,643)	(420,379)	(540,359)	(410,140)	(1,772,521)	(258,929)
Cash and cash equivalents at beginning of year	4,093,962	4,110,790	14,489,940	1,227,088	23,921,780	2,035,944
Cash and cash equivalent at end of year	<u>\$ 3,692,319</u>	<u>\$ 3,690,411</u>	<u>\$ 13,949,581</u>	<u>\$ 816,948</u>	<u>\$ 22,149,259</u>	<u>\$ 1,777,015</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ 2,413,528	\$ 478,143	\$ 884,453	\$ 5,565	\$ 3,781,689	\$ (199,995)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	879,838	278,438	431,635	187,283	1,777,194	357,472
Decrease (increase) in assets and deferred outflows						
Receivables, net	86,582	37,331	143,090	9,534	276,537	-
Inventory	29,573	(485)	(2,826)	-	26,262	-
Prepaid expense	(44,871)	-	-	-	(44,871)	(46,366)
Pension related items	400,389	44,164	104,324	41,632	590,509	11,904
Other postemployment benefit items	(8,460)	(918)	(3,991)	(1,412)	(14,781)	(859)
Increase (decrease) in liabilities and deferred inflows						
Accounts payable and accrued liabilities	74,608	2,155	107,647	(51,190)	133,220	(50,093)
Payroll related liabilities	(12,014)	(1,804)	(7,956)	(1,263)	(23,037)	(475)
Customer deposits	18,807	-	-	-	18,807	-
Due to Clean Water Services	-	53,635	-	3,759	57,394	-
Compensated absences payable	12,126	-	(5,996)	-	6,130	1,094
Net pension liability	278,699	(83,019)	(37,515)	38,096	196,261	(9,497)
Other postemployment benefit liability	898	1,062	10,974	(4,844)	8,090	1,821
Pension related items	(320,620)	(36,941)	(85,066)	(33,211)	(475,838)	(9,779)
Other postemployment benefit items	(12,044)	(1,030)	(2,643)	(3,447)	(19,164)	(725)
Net cash provided by (used in) operating activities	<u>\$ 3,797,039</u>	<u>\$ 770,731</u>	<u>\$ 1,536,130</u>	<u>\$ 190,502</u>	<u>\$ 6,294,402</u>	<u>\$ 54,502</u>

*See accompanying notes*

**CITY OF FOREST GROVE**

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2020**

	City of Forest Grove Retirement Plan Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 218,744	\$ 165,389
Mutual funds	52,204,139	-
Contributions receivable	<u>127,166</u>	<u>-</u>
 TOTAL ASSETS	 <u>52,550,049</u>	 <u>165,389</u>
 <b>LIABILITIES</b>		
Amounts held in trust	<u>-</u>	<u>\$ 165,389</u>
 <b>NET POSITION</b>		
Restricted for pension	<u>\$ 52,550,049</u>	

*See accompanying notes*

**CITY OF FOREST GROVE**

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

**For the Year Ended June 30, 2020**

	<u>City of Forest Grove Retirement Plan Trust Fund</u>
<b>ADDITIONS</b>	
Employer contributions	\$ 4,402,451
Investment earnings	<u>1,618,118</u>
Total additions	<u>6,020,569</u>
<b>DEDUCTIONS</b>	
Benefits	2,470,076
Administrative expenses	<u>63,632</u>
Total deductions	<u>2,533,708</u>
Change in net position	3,486,861
Net position - beginning of year	<u>49,063,188</u>
Net position - end of year	<u>\$ 52,550,049</u>

*See accompanying notes*

# CITY OF FOREST GROVE

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

### 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.

*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. Expenditure 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 expenditures 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, 2020.

#### 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 expenditures 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 is based on an actuarial valuation. See the detailed footnotes for more information about the plan.

#### 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. Prior period adjustment

The beginning net position of the governmental activities increased \$201,866 due to a correction of an error related to deferred outflows of resources, net pension liability, and deferred inflows of resources related to GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the Northwest Firefighters Relief Association Health Trust.

### 3. 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 (GAAP). 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:

	General	Road	Urban Renewal
Net change in fund balances - GAAP basis	\$ (317,281)	\$ 423,202	\$ 314,519
<b>Revenues:</b>			
(Increase) decrease in investments and receivables susceptible to accrual, recognized as revenues on the GAAP basis	(17,028)	(4,343)	(603)
<b>Expenditures:</b>			
Payment on interfund loan recognized as a reduction in liability on the GAAP basis	-	-	(277,439)
Net change in fund balances - budgetary basis	<u>\$ (334,309)</u>	<u>\$ 418,859</u>	<u>\$ 36,477</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

	General	Road	Urban Renewal
Beginning fund balances - GAAP basis	\$ 7,666,833	\$ 1,451,779	\$ (1,716,371)
Interfund loan	<u>-</u>	<u>-</u>	<u>2,062,561</u>
Beginning fund balance - budgetary basis	<u>\$ 7,666,833</u>	<u>\$ 1,451,779</u>	<u>\$ 346,190</u>
Ending fund balances - GAAP basis	\$ 7,349,552	\$ 1,874,981	\$ (1,401,852)
Interfund loan	-	-	1,785,122
Differences in revenue recognition	<u>(17,028)</u>	<u>(4,343)</u>	<u>(603)</u>
Ending fund balance - budgetary basis	<u>\$ 7,332,524</u>	<u>\$ 1,870,638</u>	<u>\$ 382,667</u>

### 4. Cash, cash equivalents and investments

The City's cash, cash equivalents and investments at June 30, 2020 are as follow:

Cash and cash equivalents	
Deposits with financial institutions	\$ 7,006,453
State of Oregon Local Government Investment Pool	28,179,987
Cash on hand	2,990
Money markets	<u>13,536,245</u>
Total cash and cash equivalents	<u>\$ 48,725,675</u>
Investments	
Certificates of deposit	\$ 266,580
US government agencies	18,378,252
Mutual funds	<u>52,204,139</u>
Total investments	<u>\$ 70,848,971</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. 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, 2020, 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, 2020 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	0.38%	1
Mutual funds	Not Rated	52,204,139	73.68%	N/A
US government agencies	Not Rated	<u>18,378,252</u>	25.94%	13
Total investments		<u>\$ 70,848,971</u>		

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. 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)

### 5. Receivables

	Governmental Activities/Funds				Business-type Activities/Enterprise Funds				Totals
	General	Street	Urban Renewal	Nonmajor	Light	Sewer	Water	Surface Water Management	
Property taxes	\$ 159,840	\$ -	\$ 5,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,643
Accounts	213,685	180	-	251,305	143,251	938	1,096	-	610,455
Assessments	-	-	-	8,191	-	-	-	-	8,191
Grants	-	-	127,519	-	-	-	-	-	127,519
User charges	-	-	-	-	1,878,238	632,327	536,753	163,669	3,210,987
Allowance for doubtful accounts	-	-	-	-	(198,614)	(22,742)	(38,724)	(5,500)	(265,580)
	<u>\$ 373,525</u>	<u>\$ 180</u>	<u>\$ 133,322</u>	<u>\$ 259,496</u>	<u>\$ 1,822,875</u>	<u>\$ 610,523</u>	<u>\$ 499,125</u>	<u>\$ 158,169</u>	<u>\$ 3,857,215</u>

### 6. Capital assets

A. Activity for governmental activities for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
Capital assets not being depreciated				
Land and land improvements	\$ 9,043,738	\$ 64,656	\$ -	\$ 9,108,394
Construction in progress	547,220	589,621	(320,464)	816,377
Total capital assets not being depreciated	<u>9,590,958</u>	<u>654,277</u>	<u>(320,464)</u>	<u>9,924,771</u>
Capital assets being depreciated				
Buildings and improvements	13,370,154	326,918	-	13,697,072
Machinery and equipment	9,386,497	1,175,002	(139,045)	10,422,454
Infrastructure	29,483,703	983,342	-	30,467,045
Total capital assets being depreciated	<u>52,240,354</u>	<u>2,485,262</u>	<u>(139,045)</u>	<u>54,586,571</u>
Less accumulated depreciation				
Buildings and improvements	8,040,866	251,605	-	8,292,471
Machinery and equipment	5,272,819	654,149	(107,266)	5,819,702
Infrastructure	16,713,079	941,633	-	17,654,712
Total accumulated depreciation	<u>30,026,764</u>	<u>1,847,387</u>	<u>(107,266)</u>	<u>31,766,885</u>
Total capital assets being depreciated, net	<u>22,213,590</u>	<u>637,875</u>	<u>(31,779)</u>	<u>22,819,686</u>
Governmental activities capital assets, net	<u>\$ 31,804,548</u>	<u>\$ 1,292,152</u>	<u>\$ (352,243)</u>	<u>\$ 32,744,457</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6. Capital assets (continued)

B. Activity for business-type activities for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
Capital assets not being depreciated				
Land	\$ 1,276,358	\$ -	\$ -	\$ 1,276,358
Work in progress	63,242	2,259,155	(1,699,858)	622,539
Total capital assets not being depreciated	<u>1,339,600</u>	<u>2,259,155</u>	<u>(1,699,858)</u>	<u>1,898,897</u>
Capital assets, being depreciated and amortized				
Buildings and improvements	12,696,208	76,416	-	12,772,624
Machinery and equipment	30,512,647	1,960,283	(942,763)	31,530,167
Infrastructure	45,369,621	1,440,651	-	46,810,272
Intangible-water rights	1,707,484	-	-	1,707,484
Total capital assets, being depreciated and amortized	<u>90,285,960</u>	<u>3,477,350</u>	<u>(942,763)</u>	<u>92,820,547</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	4,480,168	250,444	-	4,730,612
Machinery and equipment	13,389,164	743,001	(190,971)	13,941,194
Infrastructure	22,530,838	740,972	-	23,271,810
Intangible-water rights	1,347,447	42,777	-	1,390,224
Total accumulated depreciation and amortization	<u>41,747,617</u>	<u>1,777,194</u>	<u>(190,971)</u>	<u>43,333,840</u>
Total capital assets, being depreciated and amortized, net	<u>48,538,343</u>	<u>1,700,156</u>	<u>(751,792)</u>	<u>49,486,707</u>
Business-type activities capital assets, net	<u>\$ 49,877,943</u>	<u>\$ 3,959,311</u>	<u>\$ (2,451,650)</u>	<u>\$ 51,385,604</u>

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

Governmental activities:	
General government	\$ 466,091
Public safety	185,209
Highways and streets	876,731
Culture and recreation	319,356
Total governmental activities	<u>\$ 1,847,387</u>
Business-type activities:	
Light	\$ 879,838
Sewer	278,438
Water	431,635
Surface water management	187,283
Total business-type activities	<u>\$ 1,777,194</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Unavailable revenue

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

	Governmental Funds			
	General	Urban		Totals
		Renewal	Nonmajor	
Property taxes	\$ 92,275	\$ 1,009	\$ -	\$ 93,284
Accounts	10,566	-	46,231	56,797
Interest	-	-	940	940
Assessments	-	-	8,191	8,191
	<u>\$ 102,841</u>	<u>\$ 1,009</u>	<u>\$ 55,362</u>	<u>\$ 159,212</u>

### 8. Long-term obligations

A. Changes in long-term obligations for the year ended June 30, 2020 were as follows:

	Balances July 1, 2019	Additions	Reductions	Balances June 30, 2020	Balances Due Within One Year
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 906,154	\$ 989,191	\$ 906,154	\$ 989,191	\$ 989,191
Other postemployment benefit liability	1,487,800	156,080	322,209	1,321,671	-
Net pension liability	<u>22,051,429</u>	<u>243,649</u>	<u>-</u>	<u>22,295,078</u>	<u>-</u>
Total long-term obligations	<u>\$24,445,383</u>	<u>\$1,388,920</u>	<u>\$1,228,363</u>	<u>\$ 24,605,940</u>	<u>\$ 989,191</u>
<u>Business-type activities</u>					
Long-term debt obligations					
Notes from direct borrowings and direct placements					
Capital One Public Financing, LLC	\$ 1,355,000	\$ -	\$ 325,000	\$ 1,030,000	\$ 335,000
Premium	12,618	-	3,154	9,464	3,154
US Department of the Interior	920,975	-	40,568	880,407	41,983
Columbia State Bank	<u>3,167,000</u>	<u>-</u>	<u>229,000</u>	<u>2,938,000</u>	<u>235,000</u>
Total long-term debt obligations	5,455,593	-	597,722	4,857,871	615,137
Other long-term obligations					
Compensated absences	397,113	403,243	397,113	403,243	403,243
Other postemployment benefit liability	400,759	8,090	-	408,849	-
Net pension liability	<u>8,793,127</u>	<u>196,261</u>	<u>-</u>	<u>8,989,388</u>	<u>-</u>
Total long-term obligations	<u>\$15,046,592</u>	<u>\$ 607,594</u>	<u>\$ 994,835</u>	<u>\$ 14,659,351</u>	<u>\$ 1,018,380</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. 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, 2020 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
2021	\$ 335,000	\$ 28,222	\$ 41,983	\$ 30,815	\$ 235,000	\$ 70,513	\$ 611,983	\$ 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	-	-	48,176	24,621	260,000	45,800	308,176	70,421
2026-2030	-	-	267,383	96,602	1,400,000	127,000	1,667,383	223,602
2031-2035	-	-	317,567	46,418	302,000	3,775	619,567	50,193
2036	-	-	70,328	2,462	-	-	70,328	2,462
	<u>\$1,030,000</u>	<u>\$ 56,855</u>	<u>\$ 880,407</u>	<u>\$ 284,339</u>	<u>\$2,938,000</u>	<u>\$ 422,327</u>	<u>\$4,848,407</u>	<u>\$ 763,521</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.

### 9. 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)

### 9. 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, 2020, \$38,185,000 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, 2020, \$31,125,000 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, 2020, \$15,336,974 was outstanding. The bonds mature November 1, 2036.
- 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, 2020, \$23,875,000 was outstanding. The bonds mature March 1, 2037.

### 10. 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 11 describes the DC Plan and footnotes 12 and 13 describe the OPERS Plan.

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)

### 10. 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, 2020, plan membership consisted of 107 retirees and beneficiaries, 29 vested terminated participants, 2 nonvested terminated participants, and 85 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)

### 10. 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, 2020 were \$4,402,451.

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

At June 30, 2020, the City reported a net pension liability of \$30,386,361. The net pension liability was measured as of June 30, 2020, 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	\$ 82,936,410
Plan fiduciary net position	<u>52,550,049</u>
Net pension liability	<u>\$ 30,386,361</u>
Fiduciary net position as a percentage of total pension liability	63.36%

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

**10. 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	\$ 79,658,890	\$ 49,168,874	\$ 30,490,016
Changes for the year:			
Service cost	1,449,943	-	1,449,943
Interest on total pension liability	4,792,428	-	4,792,428
Effect of economic/demographic losses	(494,775)	-	(494,775)
Benefit payments	(2,470,076)	(2,470,076)	-
Administrative expenses	-	(63,632)	63,632
Net investment income	-	1,618,118	(1,618,118)
Employer contributions	-	4,296,765	(4,296,765)
Ending balances	<u>\$ 82,936,410</u>	<u>\$ 52,550,049</u>	<u>\$ 30,386,361</u>

For the year ended June 30, 2020, the City recognized pension expense of \$4,582,075. At June 30, 2020, 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	\$ --	\$ 579,655
Changes of assumptions or inputs	453,387	23,325
Net difference between projected and actual earnings on pension plan investments	<u>--</u>	<u>185,607</u>
	<u>\$ 453,387</u>	<u>\$ 788,587</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10. 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,	
2021	\$ (381,402)
2022	(274,592)
2023	43,812
2024	<u>276,982</u>
Total	<u>\$ (335,200)</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, 2020
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)

### 10. 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 administrative expense assumption was increased using the inflation assumption from \$68,500 to \$70,000 since the July 1, 2019 valuation.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10. 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	\$ 42,462,135	\$ 30,386,361	\$ 20,482,269

### 11. 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, 2020 were \$393,911.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 12. 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/2019-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2019-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)

### 12. 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:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 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)

### 12. 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 periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

Tier One/Tier Two employer contribution rates are 18.69 percent and the OPSRP employer contribution rates are 14.90 percent for public safety employees. Employer contributions for the year ended June 30, 2020 were \$216,321.

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

#### *Net pension liability*

At June 30, 2020, the City reported a liability of \$898,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability 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 contributions effort to the pension plan relative to the projected contributions effort of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL)

Normal Cost Rate: 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

UAL Rate: A 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 UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions.

At June 30, 2019, the City's proportion was 0.00519207 percent, which was an increase of 0.00285167 percent from its proportion measured as of June 30, 2018.

#### *Pension expense*

For the year ended June 30, 2020, the City recognized pension expense of \$380,997.

#### *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, 2019, 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. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

- Fiscal Year ended June 30, 2019 - 5.2 years
- Fiscal Year ended June 30, 2018 - 5.2 years
- Fiscal Year ended June 30, 2017 - 5.3 years
- Fiscal Year ended June 30, 2016 - 5.3 years
- Fiscal Year ended June 30, 2015 - 5.4 years
- Fiscal Year ended June 30, 2014 - 5.6 years

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

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

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2020, 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	\$ 49,528	\$ -
Change of assumptions	121,838	-
Net difference between projected and actual earnings on pension plan investments	-	25,460
Changes in proportionate share	414,766	849
Difference between contributions and proportionate share of system contributions	144,120	85
Contributions subsequent to the measurement date	<u>216,321</u>	<u>-</u>
Total	<u>\$ 946,574</u>	<u>\$ 26,394</u>

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement in the amount of \$216,321 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2021	\$ 239,845
2022	162,291
2023	173,048
2024	111,727
2025	<u>16,947</u>
Total	<u>\$ 703,859</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

E. Actuarial methods and assumptions used in developing contribution rates and total pension liability

The contribution rates (Tier One/ Tier Two and OPSRP) were developed and the total pension liability measured as of June 30, 2019 was based on an actuarial valuation as of December 31, 2017 using the following methods and assumptions:

Experience study report	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Administrative expenses – Tier One/Tier Two	\$37.5 million per year added to normal cost
Administrative expenses – OPSRP	\$6.5 million per year added to normal cost
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 Healthy 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### *UAL amortization*

The Tier One/Tier Two UAL amortization period was 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 projected 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.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected 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.

#### *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.

#### *Assumed asset allocation*

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	12.50%
Opportunity portfolio	0.00%
Total	<u>100.00%</u>

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Defined benefit pension plan – PERS (continued)

<u>Long-Term Expected Rate of Return</u> <sup>1</sup>				
Asset Class	Target Allocation*	Annual Arithmetic Return <sup>2</sup>	Compound Annual (Geometric) Return	Standard 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 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

<sup>2</sup> The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

*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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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.

#### F. 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	\$ 1,438,233	\$ 898,105	\$ 446,090

#### G. Changes subsequent to the measurement date

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. 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, 2020 were \$82,504.

#### E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 14. 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, 2020, the City reported a total OPEB liability of \$1,730,520. The total OPEB liability was measured as of June 30, 2019 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 1,566,350
Changes for the year:	
Service cost	105,672
Interest	63,651
Changes in assumptions or other inputs	49,980
Benefit payments	<u>(55,133)</u>
Balances at June 30, 2020	<u>\$ 1,730,520</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 14. Other postemployment benefits (continued)

For the year ended June 30, 2020, the City recognized an OPEB expense of \$124,790.

At June 30, 2020, 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	\$ --	\$ 26,391
Changes of assumptions	44,168	294,196
Benefit payments	<u>78,100</u>	<u>--</u>
	<u>\$ 122,268</u>	<u>\$ 320,587</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 benefit payments subsequent to the measurement date in the amount of \$78,100 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	\$ (44,532)
2021	(44,532)
2022	(44,532)
2023	(44,532)
2024	(44,532)
Thereafter	<u>(53,759)</u>
Total	<u>\$ (276,419)</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)**

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

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

Valuation Date	July 1, 2018
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 3.50 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.87 percent.

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)**

**14. 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 3.50 percent, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
	<hr/>	<hr/>	<hr/>
City's total OPEB liability	\$ 1,877,115	\$ 1,730,520	\$ 1,596,704
	<hr/>	<hr/>	<hr/>
	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
	<hr/>	<hr/>	<hr/>
City's total OPEB liability	\$ 1,554,046	\$ 1,730,520	\$ 1,936,758

**15. 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, 2020 is \$6,213,048. 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)**

### **15. 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, 2020 is \$555,205. 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, 2020 was \$5,355,893. The amount due to and payable to CWS at June 30, 2020 is \$727,330.

### **16. 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, 2020, the City had outstanding commitments of up to \$302,220.

### **17. 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.

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

**17. Interfund transfers and balances**

<u>Fund</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	\$ 1,470,283	\$ 650,000
Nonmajor governmental	825,000	354,006
Light	-	1,112,980
Sewer	-	87,192
Water	-	325,384
Surface water management	-	55,682
Internal service funds	329,961	40,000
	<u>\$ 2,625,244</u>	<u>\$ 2,625,244</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.

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, 2020, the balance is \$1,785,122.

**18. 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	\$ 11,963,883
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Park acquisition and development	3,250,283
Trail system sponsorship is restricted for trail construction or maintenance	37,953

Governmental activities – tourism

City transient lodging tax is restricted for tourism	145,233
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Business-type activities – capital projects

System development charges (SDC) are restricted for purposes as specified in the implementing ordinances:	
Sewer system improvement and expansion	\$ 1,121,349
Water system improvement and expansion	6,695,629
Surface water management system improvement and expansion	362,425

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 19. 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:

Categories	General	Street	Urban Renewal	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Library endowment	\$ -	\$ -	\$ -	\$ -	\$ 41,186	\$ 41,186
Prepaid items	40,824	-	-	-	500	41,324
Restricted for:						
Building operations	-	-	-	-	3,278,161	3,278,161
Street services	-	1,874,981	-	-	-	1,874,981
Community enhancement	-	-	-	-	34,915	34,915
Capital projects	-	-	-	11,963,883	5,427,374	17,391,257
Tourism	-	-	-	-	144,733	144,733
Trail systems	-	-	-	-	37,953	37,953
Other purposes	-	-	-	-	23,806	23,806
Committed for:						
Street services	-	-	-	-	46,019	46,019
Capital projects	-	-	-	-	539,409	539,409
Assigned for:						
Facilities	-	-	-	-	1,861,180	1,861,180
Capital projects	-	-	-	-	2,186,458	2,186,458
Retirement contributions	900,000	-	-	-	-	900,000
Unassigned	6,408,728	-	(1,401,852)	-	-	5,006,876
Total fund balances	<u>\$ 7,349,552</u>	<u>\$ 1,874,981</u>	<u>\$ (1,401,852)</u>	<u>\$ 11,963,883</u>	<u>\$ 13,621,694</u>	<u>\$ 33,408,258</u>

### 20. 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, 2020 have been reduced by \$362,000.

Washington County has established a Low Income Property Tax Exemption program under ORS 307.541 to make rental housing units affordable for income-restricted tenants. As a result, the property taxes that the City received for the year ended June 30, 2020 have been reduced by \$47,000.

Washington County has established a Vertical Housing Development Zone under ORS 307.864 as an incentive for the development of higher density mixed use residential development with ground floor non-residential uses in areas well served by transit services. As a result, the property taxes that the City received for the year ended June 30, 2020 have been reduced by \$11,480.

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**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,						
	2020	2019	2018	2017	2016	2015	2014
<u>Beginning of year</u>							
Total pension liability	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326	\$ 42,881,808
Fiduciary net position	49,168,874	43,821,273	39,971,500	35,434,205	34,146,282	34,577,249	29,632,905
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>	<u>\$ 13,248,903</u>
<u>Changes in total pension liability</u>							
Service cost	\$ 1,449,943	\$ 1,427,824	\$ 1,327,792	\$ 1,265,073	\$ 1,329,863	\$ 1,171,434	\$ 1,061,458
Interest on total pension liability	4,792,428	4,606,200	4,498,271	4,274,175	3,927,162	3,445,279	3,131,813
Effect of economic/demographic losses	(494,775)	(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	(2,470,076)	(2,296,044)	(2,709,084)	(2,041,694)	(1,784,224)	(1,691,335)	(1,491,704)
Net change in total pension liability	<u>\$ 3,277,520</u>	<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>
<u>Changes in fiduciary net position</u>							
Employer contributions	\$ 4,296,765	\$ 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	1,618,118	3,840,347	3,346,917	3,917,965	1,140,618	(674,943)	4,626,488
Benefit payments	(2,470,076)	(2,296,044)	(2,709,084)	(2,041,694)	(1,784,224)	(1,691,335)	(1,491,704)
Administrative expenses	(63,632)	(75,104)	(86,736)	(115,315)	(169,893)	(62,658)	(85,594)
Net change in fiduciary net position	<u>\$ 3,381,175</u>	<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>
<u>End of year</u>							
Total pension liability	\$ 82,936,410	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326
Fiduciary net position	52,550,049	49,168,874	43,821,273	39,971,500	35,434,205	34,146,282	34,577,249
Net pension liability	<u>\$ 30,386,361</u>	<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	63.4%	61.7%	57.3%	57.7%	56.2%	59.1%	73.3%
Covered payroll	\$ 7,562,078	\$ 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	401.8%	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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 4,274	\$ 3,853	\$ 3,252	\$ 2,707	\$ 2,094	\$ 1,987	\$ 1,888	\$ 1,763	\$ 1,731	\$ 1,747
Actual employer contribution	4,297	3,878	3,299	2,776	2,101	1,998	1,895	1,762	1,731	1,747
Contribution deficiency (excess)	(23)	(25)	(47)	(69)	(7)	(11)	(7)	1	-	-
Covered payroll	7,562	7,740	7,553	8,548	8,616	8,715	8,619	8,559	8,570	8,607
Contribution as a percent of covered payroll	56.82%	50.10%	43.68%	32.48%	24.38%	22.93%	21.99%	20.59%	20.20%	20.30%
Valuation date	7/1/2018	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
Assumed investment rate of return	6.00%	6.50%	6.75%	6.75%	7.25%	7.25%	7.25%	7.25%	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, generational 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>
2020	3.24%
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%

**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>
2019	0.00519207%	\$ 898,105	\$ 2,145,904	41.85%	80.23%
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\***

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2020	\$ 216,321	\$ 216,321	\$ -	\$ 3,044,966	7.10%
2019	150,337	150,337	-	2,145,904	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, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Service cost	\$ 105,672	\$ 120,349	\$ 128,201
Interest on total OPEB liability	63,651	66,273	52,872
Effect of economic/demographic gains or losses	-	(34,389)	-
Effect of assumptions changes or inputs	49,980	(286,905)	(112,965)
Benefit payments	<u>(55,133)</u>	<u>(59,126)</u>	<u>(69,377)</u>
 Net change in total OPEB liability	 164,170	 (193,798)	 (1,269)
Total OPEB liability - beginning of year	<u>1,566,350</u>	<u>1,760,148</u>	<u>1,761,417</u>
 Total OPEB liability - end of year	 <u>\$ 1,730,520</u>	 <u>\$ 1,566,350</u>	 <u>\$ 1,760,148</u>
 Covered employee payroll	 \$ 10,359,910	 \$ 10,724,811	 \$ 12,729,783
 Total OPEB liability as a percentage of covered employee payroll	 16.7%	 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.

**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

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**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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Other taxes	\$ 513,654	\$ 976,850	\$ 463,196
Interest	120,000	228,107	108,107
<b>TOTAL REVENUES</b>	633,654	1,204,957	571,303
<b>EXPENDITURES</b>			
Capital outlay	11,240,163	-	11,240,163
<b>TOTAL EXPENDITURES</b>	11,240,163	-	11,240,163
Net change in fund balance	(10,606,509)	1,204,957	11,811,466
Fund balance at beginning of year	10,606,509	10,731,588	125,079
Fund balance at end of year	\$ -	\$ 11,936,545	\$ 11,936,545

**CITY OF FOREST GROVE**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020**

	Special Revenue	Capital Projects	Permanent Library Endowment	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,599,378	\$ 6,226,712	\$ 32,612	\$ 8,858,702
Investments	1,002,556	2,401,579	12,578	3,416,713
Receivables, net	213,265	46,231	-	259,496
Due from other funds	-	1,785,122	-	1,785,122
Accrued interest receivable	4,833	9,325	49	14,207
Prepaid items	500	-	-	500
<b>TOTAL ASSETS</b>	<b>\$ 3,820,532</b>	<b>\$ 10,468,969</b>	<b>\$ 45,239</b>	<b>\$ 14,334,740</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 227,964	\$ 408,317	\$ -	\$ 636,281
Payroll related liabilities	11,008	-	-	11,008
Deposits	10,395	-	-	10,395
<b>TOTAL LIABILITIES</b>	<b>249,367</b>	<b>408,317</b>	<b>-</b>	<b>657,684</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	9,131	46,231	-	55,362
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>9,131</b>	<b>46,231</b>	<b>-</b>	<b>55,362</b>
<b>FUND BALANCES</b>				
Nonspendable	500	-	41,186	41,686
Restricted	3,515,515	5,427,374	4,053	8,946,942
Committed	46,019	539,409	-	585,428
Assigned	-	4,047,638	-	4,047,638
<b>TOTAL FUND BALANCES</b>	<b>3,562,034</b>	<b>10,014,421</b>	<b>45,239</b>	<b>13,621,694</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,820,532</b>	<b>\$ 10,468,969</b>	<b>\$ 45,239</b>	<b>\$ 14,334,740</b>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020**

	Special Revenue	Capital Projects	Permanent Library Endowment	Totals
<b>REVENUES</b>				
Other taxes	\$ 92,078	\$ -	\$ -	\$ 92,078
Licenses and permits	1,314,635	-	-	1,314,635
Intergovernmental	552,888	391,658	-	944,546
System development charges	-	588,327	-	588,327
Interest	62,656	203,889	995	267,540
Grants	39,883	127,912	-	167,795
Charges for services	-	378,224	-	378,224
Miscellaneous	13	28,232	-	28,245
<b>TOTAL REVENUES</b>	<b>2,062,153</b>	<b>1,718,242</b>	<b>995</b>	<b>3,781,390</b>
<b>EXPENDITURES</b>				
Current				
General government	1,070,502	90,789	-	1,161,291
Highways and streets	477,142	-	-	477,142
Culture and recreation	870	-	-	870
Capital outlay	15,586	2,861,861	-	2,877,447
<b>TOTAL EXPENDITURES</b>	<b>1,564,100</b>	<b>2,952,650</b>	<b>-</b>	<b>4,516,750</b>
Excess (deficiency) of revenues over expenditures	498,053	(1,234,408)	995	(735,360)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	825,000	-	825,000
Transfers out	(68,936)	(285,070)	-	(354,006)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(68,936)</b>	<b>539,930</b>	<b>-</b>	<b>470,994</b>
Net change in fund balance	429,117	(694,478)	995	(264,366)
Fund balance at beginning of year	3,132,917	10,708,899	44,244	13,886,060
Fund balance at end of year	<b>\$ 3,562,034</b>	<b>\$ 10,014,421</b>	<b>\$ 45,239</b>	<b>\$ 13,621,694</b>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2020**

	Building Permits	Street Tree	Forfeiture Sharing
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,378,601	\$ 33,217	\$ 7,511
Investments	917,402	12,812	2,897
Receivables, net	-	-	-
Accrued interest receivable	3,562	50	11
Prepaid items	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,299,565</u>	<u>\$ 46,079</u>	<u>\$ 10,419</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 10,396	\$ 60	\$ -
Payroll related liabilities	11,008	-	-
Deposits	<u>-</u>	<u>-</u>	<u>10,395</u>
<b>TOTAL LIABILITIES</b>	<u>21,404</u>	<u>60</u>	<u>10,395</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	3,278,161	-	24
Committed	<u>-</u>	<u>46,019</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>3,278,161</u>	<u>46,019</u>	<u>24</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 3,299,565</u>	<u>\$ 46,079</u>	<u>\$ 10,419</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>
\$ 25,169	\$ 27,359	\$ -	\$ 14,222	\$ -	\$ 113,299	\$ 2,599,378
9,708	10,553	-	5,486	-	43,698	1,002,556
-	-	196,816	-	8,191	8,258	213,265
38	41	-	21	940	170	4,833
-	-	-	-	-	500	500
<u>\$ 34,915</u>	<u>\$ 37,953</u>	<u>\$ 196,816</u>	<u>\$ 19,729</u>	<u>\$ 9,131</u>	<u>\$ 165,925</u>	<u>\$ 3,820,532</u>
\$ -	\$ -	\$ 196,816	\$ -	\$ -	\$ 20,692	\$ 227,964
-	-	-	-	-	-	11,008
-	-	-	-	-	-	10,395
-	-	196,816	-	-	20,692	249,367
-	-	-	-	9,131	-	9,131
-	-	-	-	9,131	-	9,131
-	-	-	-	-	500	500
34,915	37,953	-	19,729	-	144,733	3,515,515
-	-	-	-	-	-	46,019
<u>34,915</u>	<u>37,953</u>	<u>-</u>	<u>19,729</u>	<u>-</u>	<u>145,233</u>	<u>3,562,034</u>
<u>\$ 34,915</u>	<u>\$ 37,953</u>	<u>\$ 196,816</u>	<u>\$ 19,729</u>	<u>\$ 9,131</u>	<u>\$ 165,925</u>	<u>\$ 3,820,532</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, 2020**

	Building Permits	Street Tree	Forfeiture Sharing
<b>REVENUES</b>			
Other taxes	\$ -	\$ -	\$ -
Licenses and permits	1,275,347	39,288	-
Intergovernmental	-	-	-
Interest	58,898	132	24
Grants	-	-	-
Miscellaneous	13	-	-
	<u>1,334,258</u>	<u>39,420</u>	<u>24</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current			
General government	857,628	-	-
Highways and streets	-	43,387	-
Culture and recreation	-	-	-
Capital outlay	15,586	-	-
	<u>873,214</u>	<u>43,387</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>			
Excess (deficiency) of revenues over expenditures	<u>461,044</u>	<u>(3,967)</u>	<u>24</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(59,936)	(1,000)	-
	<u>(59,936)</u>	<u>(1,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
Net change in fund balance	401,108	(4,967)	24
Fund balance at beginning of year	2,877,053	50,986	-
Fund balance at end of year	<u>\$ 3,278,161</u>	<u>\$ 46,019</u>	<u>\$ 24</u>

Community Enhancement	Trail System	Transportation Services	Public Arts Donation	Transient Lodging Tax	Totals
\$ -	\$ -	\$ -	\$ -	\$ 92,078	\$ 92,078
-	-	-	-	-	1,314,635
119,133	-	433,755	-	-	552,888
80	87	-	45	3,390	62,656
-	36,557	-	3,326	-	39,883
-	-	-	-	-	13
<u>119,213</u>	<u>36,644</u>	<u>433,755</u>	<u>3,371</u>	<u>95,468</u>	<u>2,062,153</u>
119,043	-	-	-	93,831	1,070,502
-	-	433,755	-	-	477,142
-	-	-	870	-	870
-	-	-	-	-	15,586
<u>119,043</u>	<u>-</u>	<u>433,755</u>	<u>870</u>	<u>93,831</u>	<u>1,564,100</u>
<u>170</u>	<u>36,644</u>	<u>-</u>	<u>2,501</u>	<u>1,637</u>	<u>498,053</u>
<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,936)</u>
<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,936)</u>
(7,830)	36,644	-	2,501	1,637	429,117
<u>42,745</u>	<u>1,309</u>	<u>-</u>	<u>17,228</u>	<u>143,596</u>	<u>3,132,917</u>
<u>\$ 34,915</u>	<u>\$ 37,953</u>	<u>\$ -</u>	<u>\$ 19,729</u>	<u>\$ 145,233</u>	<u>\$ 3,562,034</u>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2020**

	Traffic Impact	Park Acquisition and Development	Capital Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,692,795	\$ 2,484,442	\$ 289,316
Investments	652,893	958,224	111,587
Receivables, net	-	-	-
Due from other funds	-	-	1,785,122
Accrued interest receivable	2,535	3,721	433
<b>TOTAL ASSETS</b>	<b>\$ 2,348,223</b>	<b>\$ 3,446,387</b>	<b>\$ 2,186,458</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 195,449	\$ 196,104	\$ -
<b>TOTAL LIABILITIES</b>	195,449	196,104	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	-	-	-
<b>FUND BALANCES</b>			
Restricted	2,152,774	3,250,283	-
Committed	-	-	-
Assigned	-	-	2,186,458
<b>TOTAL FUND BALANCES</b>	2,152,774	3,250,283	2,186,458
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,348,223</b>	<b>\$ 3,446,387</b>	<b>\$ 2,186,458</b>

Fire Equipment Replacement	Bike and Pedestrian Pathways	CIP Excise	Facility Major Maintenance	Totals
\$ 187,332	\$ 17,530	\$ 213,604	\$ 1,341,693	\$ 6,226,712
72,252	6,761	82,384	517,478	2,401,579
-	-	46,231	-	46,231
-	-	-	-	1,785,122
281	26	320	2,009	9,325
<u>\$ 259,865</u>	<u>\$ 24,317</u>	<u>\$ 342,539</u>	<u>\$ 1,861,180</u>	<u>\$ 10,468,969</u>
<u>\$ 14,174</u>	<u>\$ -</u>	<u>\$ 2,590</u>	<u>\$ -</u>	<u>\$ 408,317</u>
<u>14,174</u>	<u>-</u>	<u>2,590</u>	<u>-</u>	<u>408,317</u>
<u>-</u>	<u>-</u>	<u>46,231</u>	<u>-</u>	<u>46,231</u>
<u>-</u>	<u>-</u>	<u>46,231</u>	<u>-</u>	<u>46,231</u>
-	24,317	-	-	5,427,374
245,691	-	293,718	-	539,409
-	-	-	1,861,180	4,047,638
<u>245,691</u>	<u>24,317</u>	<u>293,718</u>	<u>1,861,180</u>	<u>10,014,421</u>
<u>\$ 259,865</u>	<u>\$ 24,317</u>	<u>\$ 342,539</u>	<u>\$ 1,861,180</u>	<u>\$ 10,468,969</u>

**CITY OF FOREST GROVE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2020**

	Traffic Impact	Park Acquisition and Development	Capital Projects
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
System development charges	-	588,327	-
Interest	46,716	73,141	46,779
Grants	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	28,232
	<u>46,716</u>	<u>661,468</u>	<u>75,011</u>
<b>TOTAL REVENUES</b>	<u>46,716</u>	<u>661,468</u>	<u>75,011</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	90,789
Capital outlay	686,145	712,618	249,751
	<u>686,145</u>	<u>712,618</u>	<u>340,540</u>
<b>TOTAL EXPENDITURES</b>	<u>686,145</u>	<u>712,618</u>	<u>340,540</u>
Excess (deficiency) of revenues over expenditures	<u>(639,429)</u>	<u>(51,150)</u>	<u>(265,529)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(639,429)	(51,150)	(265,529)
Fund balance at beginning of year	<u>2,792,203</u>	<u>3,301,433</u>	<u>2,451,987</u>
Fund balance at end of year	<u>\$ 2,152,774</u>	<u>\$ 3,250,283</u>	<u>\$ 2,186,458</u>

Fire Equipment Replacement	Bike and Pedestrian Pathways	CIP Excise	Facility Major Maintenance	Totals
\$ 374,217	\$ 17,441	\$ -	\$ -	\$ 391,658
-	-	-	-	588,327
2,325	55	1,424	33,449	203,889
127,912	-	-	-	127,912
-	-	378,224	-	378,224
-	-	-	-	28,232
<u>504,454</u>	<u>17,496</u>	<u>379,648</u>	<u>33,449</u>	<u>1,718,242</u>
-	-	-	-	90,789
<u>847,998</u>	<u>-</u>	<u>74,860</u>	<u>290,489</u>	<u>2,861,861</u>
<u>847,998</u>	<u>-</u>	<u>74,860</u>	<u>290,489</u>	<u>2,952,650</u>
<u>(343,544)</u>	<u>17,496</u>	<u>304,788</u>	<u>(257,040)</u>	<u>(1,234,408)</u>
175,000	-	-	650,000	825,000
<u>-</u>	<u>-</u>	<u>(285,070)</u>	<u>-</u>	<u>(285,070)</u>
<u>175,000</u>	<u>-</u>	<u>(285,070)</u>	<u>650,000</u>	<u>539,930</u>
(168,544)	17,496	19,718	392,960	(694,478)
<u>414,235</u>	<u>6,821</u>	<u>274,000</u>	<u>1,468,220</u>	<u>10,708,899</u>
<u>\$ 245,691</u>	<u>\$ 24,317</u>	<u>\$ 293,718</u>	<u>\$ 1,861,180</u>	<u>\$ 10,014,421</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 1,130,739	\$ 1,275,347	\$ 144,608
Interest	25,000	51,358	26,358
Miscellaneous	-	13	13
<b>TOTAL REVENUES</b>	<b>1,155,739</b>	<b>1,326,718</b>	<b>170,979</b>
<b>EXPENDITURES</b>			
Building permit services	970,586	873,214	97,372
Contingency	117,000	-	117,000
<b>TOTAL EXPENDITURES</b>	<b>1,087,586</b>	<b>873,214</b>	<b>214,372</b>
Excess (deficiency) of revenues over expenditures	68,153	453,504	385,351
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(59,936)	(59,936)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(59,936)</b>	<b>(59,936)</b>	<b>-</b>
Net change in fund balance	8,217	393,568	385,351
Fund balance at beginning of year	2,653,850	2,877,053	223,203
Fund balance at end of year	<b>\$ 2,662,067</b>	<b>\$ 3,270,621</b>	<b>\$ 608,554</b>

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 26,550	\$ 39,288	\$ 12,738
Interest	<u>50</u>	<u>26</u>	<u>(24)</u>
<b>TOTAL REVENUES</b>	<u>26,600</u>	<u>39,314</u>	<u>12,714</u>
<b>EXPENDITURES</b>			
Materials and services	<u>78,395</u>	<u>43,387</u>	<u>35,008</u>
<b>TOTAL EXPENDITURES</b>	<u>78,395</u>	<u>43,387</u>	<u>35,008</u>
Excess (deficiency) of revenues over expenditures	<u>(51,795)</u>	<u>(4,073)</u>	<u>47,722</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balance	(52,795)	(5,073)	47,722
Fund balance at beginning of year	<u>52,795</u>	<u>50,986</u>	<u>(1,809)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 45,913</u>	<u>\$ 45,913</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Materials and services	\$ 4,733	\$ -	\$ 4,733
<b>TOTAL EXPENDITURES</b>	<u>4,733</u>	<u>-</u>	<u>4,733</u>
Net change in fund balance	(4,733)	-	4,733
Fund balance at beginning of year	<u>4,733</u>	<u>-</u>	<u>(4,733)</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 113,000	\$ 119,133	\$ 6,133
<b>TOTAL REVENUES</b>	113,000	119,133	6,133
<b>EXPENDITURES</b>			
Materials and services	129,000	119,043	9,957
<b>TOTAL EXPENDITURES</b>	129,000	119,043	9,957
Excess (deficiency) of revenues over expenditures	(16,000)	90	16,090
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(8,000)	(8,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(8,000)	(8,000)	-
Net change in fund balance	(24,000)	(7,910)	16,090
Fund balance at beginning of year	42,454	42,745	291
Fund balance at end of year	\$ 18,454	\$ 34,835	\$ 16,381

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Grants	<u>\$ 1,309</u>	<u>\$ 36,557</u>	<u>\$ 35,248</u>
<b>TOTAL REVENUES</b>	<u>1,309</u>	<u>36,557</u>	<u>35,248</u>
<b>EXPENDITURES</b>			
Materials and services	<u>1,309</u>	<u>-</u>	<u>1,309</u>
<b>TOTAL EXPENDITURES</b>	<u>1,309</u>	<u>-</u>	<u>1,309</u>
Net change in fund balance	-	36,557	36,557
Fund balance at beginning of year	<u>-</u>	<u>1,309</u>	<u>1,309</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 37,866</u>	<u>\$ 37,866</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 550,000	\$ 433,755	\$ (116,245)
<b>TOTAL REVENUES</b>	550,000	433,755	(116,245)
<b>EXPENDITURES</b>			
Materials and services	550,000	433,755	116,245
<b>TOTAL EXPENDITURES</b>	550,000	433,755	116,245
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Grants	\$ 3,750	\$ 3,326	\$ (424)
Interest	<u>25</u>	<u>-</u>	<u>(25)</u>
<b>TOTAL REVENUES</b>	<u>3,775</u>	<u>3,326</u>	<u>(449)</u>
<b>EXPENDITURES</b>			
Materials and services	<u>19,899</u>	<u>870</u>	<u>19,029</u>
<b>TOTAL EXPENDITURES</b>	<u>19,899</u>	<u>870</u>	<u>19,029</u>
Net change in fund balance	(16,124)	2,456	18,580
Fund balance at beginning of year	<u>16,124</u>	<u>17,228</u>	<u>1,104</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 19,684</u></u>	<u><u>\$ 19,684</u></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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Transient lodging tax	\$ 116,000	\$ 92,078	\$ (23,922)
Interest	2,800	3,031	231
<b>TOTAL REVENUES</b>	<b>118,800</b>	<b>95,109</b>	<b>(23,691)</b>
<b>EXPENDITURES</b>			
Materials and services	159,000	93,831	65,169
Capital outlay	74,700	-	74,700
<b>TOTAL EXPENDITURES</b>	<b>233,700</b>	<b>93,831</b>	<b>139,869</b>
Net change in fund balance	(114,900)	1,278	116,178
Fund balance at beginning of year	142,912	143,596	684
Fund balance at end of year	<b>\$ 28,012</b>	<b>\$ 144,874</b>	<b>\$ 116,862</b>

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 71,000	\$ 41,350	\$ (29,650)
<b>TOTAL REVENUES</b>	<u>71,000</u>	<u>41,350</u>	<u>(29,650)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>2,627,356</u>	<u>686,145</u>	<u>1,941,211</u>
<b>TOTAL EXPENDITURES</b>	<u>2,627,356</u>	<u>686,145</u>	<u>1,941,211</u>
Net change in fund balance	(2,556,356)	(644,795)	1,911,561
Fund balance at beginning of year	<u>2,556,356</u>	<u>2,792,203</u>	<u>235,847</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,147,408</u>	<u>\$ 2,147,408</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 307,848	\$ 588,327	\$ 280,479
Interest	<u>30,000</u>	<u>65,265</u>	<u>35,265</u>
<b>TOTAL REVENUES</b>	<u>337,848</u>	<u>653,592</u>	<u>315,744</u>
<b>EXPENDITURES</b>			
Park system construction	<u>3,550,844</u>	<u>712,618</u>	<u>2,838,226</u>
<b>TOTAL EXPENDITURES</b>	<u>3,550,844</u>	<u>712,618</u>	<u>2,838,226</u>
Net change in fund balance	(3,212,996)	(59,026)	3,153,970
Fund balance at beginning of year	<u>3,212,996</u>	<u>3,301,433</u>	<u>88,437</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 3,242,407</u>	<u>\$ 3,242,407</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 238,636	\$ -	\$ (238,636)
Interest	51,000	45,862	(5,138)
Grants	2,743,364	-	(2,743,364)
Miscellaneous	<u>294,421</u>	<u>305,671</u>	<u>11,250</u>
<b>TOTAL REVENUES</b>	<u>3,327,421</u>	<u>351,533</u>	<u>(2,975,888)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>3,668,481</u>	<u>340,540</u>	<u>3,327,941</u>
<b>TOTAL EXPENDITURES</b>	<u>3,668,481</u>	<u>340,540</u>	<u>3,327,941</u>
Excess (deficiency) of revenues over expenditures	<u>(341,060)</u>	<u>10,993</u>	<u>352,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>17,000</u>	<u>-</u>	<u>(17,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>17,000</u>	<u>-</u>	<u>(17,000)</u>
Net change in fund balance	(324,060)	10,993	335,053
Fund balance at beginning of year	<u>324,060</u>	<u>389,426</u>	<u>65,366</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 400,419</u>	<u>\$ 400,419</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Grants	\$ 130,000	\$ 127,912	\$ (2,088)
Intergovernmental	360,000	374,217	14,217
Interest	1,200	1,731	531
<b>TOTAL REVENUES</b>	<b>491,200</b>	<b>503,860</b>	<b>12,660</b>
<b>EXPENDITURES</b>			
Capital outlay	865,000	847,998	17,002
Contingency	40,000	-	40,000
<b>TOTAL EXPENDITURES</b>	<b>905,000</b>	<b>847,998</b>	<b>57,002</b>
Excess (deficiency) of revenues over expenditures	<b>(413,800)</b>	<b>(344,138)</b>	<b>69,662</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	175,000	175,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>175,000</b>	<b>175,000</b>	<b>-</b>
Net change in fund balance	(238,800)	(169,138)	69,662
Fund balance at beginning of year	498,714	414,235	(84,479)
Fund balance at end of year	<b>\$ 259,914</b>	<b>\$ 245,097</b>	<b>\$ (14,817)</b>

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 17,264	\$ 17,441	\$ 177
<b>TOTAL REVENUES</b>	<u>17,264</u>	<u>17,441</u>	<u>177</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>18,162</u>	<u>-</u>	<u>18,162</u>
<b>TOTAL EXPENDITURES</b>	<u>18,162</u>	<u>-</u>	<u>18,162</u>
Net change in fund balance	(898)	17,441	18,339
Fund balance at beginning of year	<u>898</u>	<u>6,821</u>	<u>5,923</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 24,262</u></u>	<u><u>\$ 24,262</u></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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 600	\$ 747	\$ 147
Charges for services	<u>357,000</u>	<u>378,224</u>	<u>21,224</u>
<b>TOTAL REVENUES</b>	<u>357,600</u>	<u>378,971</u>	<u>21,371</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>236,668</u>	<u>74,860</u>	<u>161,808</u>
<b>TOTAL EXPENDITURES</b>	<u>236,668</u>	<u>74,860</u>	<u>161,808</u>
Excess of revenues over expenditures	<u>120,932</u>	<u>304,111</u>	<u>183,179</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(302,070)</u>	<u>(285,070)</u>	<u>17,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(302,070)</u>	<u>(285,070)</u>	<u>17,000</u>
Net change in fund balance	(181,138)	19,041	200,179
Fund balance at beginning of year	<u>181,138</u>	<u>274,000</u>	<u>92,862</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 293,041</u>	<u>\$ 293,041</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 15,000	\$ 29,196	\$ 14,196
<b>TOTAL REVENUES</b>	<u>15,000</u>	<u>29,196</u>	<u>14,196</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>1,003,845</u>	<u>290,489</u>	<u>713,356</u>
<b>TOTAL EXPENDITURES</b>	<u>1,003,845</u>	<u>290,489</u>	<u>713,356</u>
Excess (deficiency) of revenues over expenditures	<u>(988,845)</u>	<u>(261,293)</u>	<u>727,552</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>650,000</u>	<u>650,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
Net change in fund balance	(338,845)	388,707	727,552
Fund balance at beginning of year	<u>1,488,845</u>	<u>1,468,220</u>	<u>(20,625)</u>
Fund balance at end of year	<u>\$ 1,150,000</u>	<u>\$ 1,856,927</u>	<u>\$ 706,927</u>

**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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 950	\$ 891	\$ (59)
<b>TOTAL REVENUES</b>	950	891	(59)
<b>EXPENDITURES</b>			
Materials and services	4,008	-	4,008
<b>TOTAL EXPENDITURES</b>	4,008	-	4,008
Net change in fund balance	(3,058)	891	3,949
Fund balance at beginning of year	44,245	44,244	(1)
Fund balance at end of year	\$ 41,187	\$ 45,135	\$ 3,948

**CITY OF FOREST GROVE**

**LIGHT - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 19,489,515	\$ 20,388,864	\$ 899,349
Conservation incentive	255,435	206,365	(49,070)
Licenses and permits	35,000	-	(35,000)
Sale of materials	25,000	16,958	(8,042)
Interest	30,000	44,265	14,265
Miscellaneous	<u>-</u>	<u>2,276</u>	<u>2,276</u>
 TOTAL REVENUES	 <u>19,834,950</u>	 <u>20,658,728</u>	 <u>823,778</u>
 <b>EXPENDITURES</b>			
Electric services	20,063,068	19,059,950	1,003,118
Debt service	305,313	305,313	-
Contingency	<u>450,000</u>	<u>-</u>	<u>450,000</u>
 TOTAL EXPENDITURES	 <u>20,818,381</u>	 <u>19,365,263</u>	 <u>1,453,118</u>
 Excess (deficiency) of revenues over expenditures	 <u>(983,431)</u>	 <u>1,293,465</u>	 <u>2,276,896</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(1,115,465)</u>	<u>(1,112,980)</u>	<u>2,485</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(1,115,465)</u>	 <u>(1,112,980)</u>	 <u>2,485</u>
 Net change in fund balance	 (2,098,896)	 180,485	 2,279,381
Fund balance at beginning of year	<u>4,742,384</u>	<u>5,482,924</u>	<u>740,540</u>
 Fund balance at end of year	 <u>\$ 2,643,488</u>	 <u>\$ 5,663,409</u>	 <u>\$ 3,019,921</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF NET POSITION  
SEWER FUND  
June 30, 2020**

	Sewer	Sewer System Development Charges	Total Sewer Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,844,601	\$ 845,810	\$ 3,690,411
Investments	1,097,133	326,220	1,423,353
Receivables, net	609,585	938	610,523
Inventory	11,635	-	11,635
Accrued interest receivable	4,260	1,267	5,527
	<u>4,567,214</u>	<u>1,174,235</u>	<u>5,741,449</u>
Total current assets			
Capital assets and intangibles			
Land and construction in progress	81,022	-	81,022
Other capital assets and intangibles, net	9,055,121	-	9,055,121
	<u>9,136,143</u>	<u>-</u>	<u>9,136,143</u>
Total capital assets and intangibles			
<b>TOTAL ASSETS</b>	<u>13,703,357</u>	<u>1,174,235</u>	<u>14,877,592</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	8,251	-	8,251
Other postemployment benefit related items	1,755	-	1,755
	<u>10,006</u>	<u>-</u>	<u>10,006</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	627,454	52,886	680,340
Payroll related liabilities	2,926	-	2,926
	<u>630,380</u>	<u>52,886</u>	<u>683,266</u>
Total current liabilities			
Long-term obligations			
Other postemployment benefit liability	24,845	-	24,845
Net pension liability	553,008	-	553,008
	<u>577,853</u>	<u>-</u>	<u>577,853</u>
Total long-term obligations			
<b>TOTAL LIABILITIES</b>	<u>1,208,233</u>	<u>52,886</u>	<u>1,261,119</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	14,352	-	14,352
Other postemployment benefit related items	4,602	-	4,602
	<u>18,954</u>	<u>-</u>	<u>18,954</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>			
<b>NET POSITION</b>			
Net investment in capital assets	9,136,143	-	9,136,143
Restricted for capital projects	-	1,121,349	1,121,349
Unrestricted	3,350,033	-	3,350,033
	<u>12,486,176</u>	<u>1,121,349</u>	<u>13,607,525</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,486,176</u>	<u>\$ 1,121,349</u>	<u>\$ 13,607,525</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
SEWER FUND**

**For the Year Ended June 30, 2020**

	Sewer	Sewer System Development Charges	Total Sewer Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,613,925	\$ -	\$ 1,613,925
Licenses, permits, and fees	2,976	772	3,748
<b>TOTAL OPERATING REVENUES</b>	<b>1,616,901</b>	<b>772</b>	<b>1,617,673</b>
<b>OPERATING EXPENSES</b>			
System operation and maintenance	106,885	-	106,885
General fund administration charges	728,938	-	728,938
General and administrative costs	25,269	-	25,269
Depreciation and amortization	278,438	-	278,438
<b>TOTAL OPERATING EXPENSES</b>	<b>1,139,530</b>	<b>-</b>	<b>1,139,530</b>
<b>OPERATING INCOME (LOSS)</b>	<b>477,371</b>	<b>772</b>	<b>478,143</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earned	67,011	16,527	83,538
Miscellaneous	436	-	436
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>67,447</b>	<b>16,527</b>	<b>83,974</b>
Income (loss) before capital contributions and transfers	544,818	17,299	562,117
Capital contributions	-	137,047	137,047
Transfers out	(87,192)	-	(87,192)
Change in net position	457,626	154,346	611,972
Net position at beginning of year	12,028,550	967,003	12,995,553
Net position at end of year	<b>\$ 12,486,176</b>	<b>\$ 1,121,349</b>	<b>\$ 13,607,525</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SEWER FUND**  
**For the Year Ended June 30, 2020**

	Sewer	Sewer System Development Charges	Total Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,695,953	\$ 12,686	\$ 1,708,639
Cash paid to employees	(316,622)	-	(316,622)
Cash paid to suppliers	(621,286)	-	(621,286)
Net cash provided by (used in) operating activities	758,045	12,686	770,731
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(87,192)	-	(87,192)
Net cash provided by (used in) non-capital financing activities	(87,192)	-	(87,192)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions	-	137,047	137,047
Other	436	-	436
Acquisition of capital assets	(611,662)	-	(611,662)
Net cash provided by (used in) capital and related financing activities	(611,226)	137,047	(474,179)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	62,751	15,260	78,011
Purchases of investments	(530,842)	(176,908)	(707,750)
Net cash provided by (used in) investing activities	(468,091)	(161,648)	(629,739)
Net increase (decrease) in cash and cash equivalents	(408,464)	(11,915)	(420,379)
Cash and cash equivalents at beginning of year	3,253,065	857,725	4,110,790
Cash and cash equivalent at end of year	\$ 2,844,601	\$ 845,810	\$ 3,690,411
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 477,371	\$ 772	\$ 478,143
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	278,438	-	278,438
Decrease (increase) in assets and deferred outflows			
Receivables, net	37,235	96	37,331
Inventory	(485)	-	(485)
Pension related items	44,164	-	44,164
Other postemployment benefit items	(918)	-	(918)
Increase (decrease) in liabilities and deferred inflows			
Accounts payable and accrued liabilities	2,155	-	2,155
Payroll related liabilities	(1,804)	-	(1,804)
Due to Clean Water Services	41,817	11,818	53,635
Net pension liability	(83,019)	-	(83,019)
Other postemployment benefit liability	1,062	-	1,062
Pension related items	(36,941)	-	(36,941)
Other postemployment benefit items	(1,030)	-	(1,030)
Net cash provided by (used in) operating activities	\$ 758,045	\$ 12,686	\$ 770,731

**CITY OF FOREST GROVE**

**SEWER - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 1,558,463	\$ 1,610,737	\$ 52,274
Interest	70,000	57,994	(12,006)
Licenses and permits	10,000	6,164	(3,836)
Miscellaneous	-	436	436
<b>TOTAL REVENUES</b>	<b>1,638,463</b>	<b>1,675,331</b>	<b>36,868</b>
<b>EXPENDITURES</b>			
Sewer services	1,726,929	1,549,921	177,008
Contingency	750,000	-	750,000
<b>TOTAL EXPENDITURES</b>	<b>2,476,929</b>	<b>1,549,921</b>	<b>927,008</b>
Excess (deficiency) of revenues over expenditures	(838,466)	125,410	963,876
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(87,192)	(87,192)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(87,192)</b>	<b>(87,192)</b>	<b>-</b>
Net change in fund balance	(925,658)	38,218	963,876
Fund balance at beginning of year	3,836,874	3,877,964	41,090
Fund balance at end of year	<b>\$ 2,911,216</b>	<b>\$ 3,916,182</b>	<b>\$ 1,004,966</b>

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Fees and fines	\$ -	\$ 772	\$ 772
System development charges	68,440	137,047	68,607
Interest	<u>13,000</u>	<u>13,846</u>	<u>846</u>
<b>TOTAL REVENUES</b>	<u>81,440</u>	<u>151,665</u>	<u>70,225</u>
<b>EXPENDITURES</b>			
Sewer infrastructure construction	70,000	-	70,000
Debt service	111,222	-	111,222
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>TOTAL EXPENDITURES</b>	<u>281,222</u>	<u>-</u>	<u>281,222</u>
Net change in fund balance	(199,782)	151,665	351,447
Fund balance at beginning of year	<u>949,817</u>	<u>967,003</u>	<u>17,186</u>
Fund balance at end of year	<u>\$ 750,035</u>	<u>\$ 1,118,668</u>	<u>\$ 368,633</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF NET POSITION  
WATER FUND  
June 30, 2020**

	Water	Water System Development Charges	Total Water Fund
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 9,017,295	\$ 4,932,286	\$ 13,949,581
Investments	3,477,876	1,902,331	5,380,207
Receivables, net	499,125	-	499,125
Inventory	172,746	-	172,746
Accrued interest receivable	13,504	7,387	20,891
Total current assets	<u>13,180,546</u>	<u>6,842,004</u>	<u>20,022,550</u>
Investment in joint ventures	<u>6,768,253</u>	-	<u>6,768,253</u>
Capital assets and intangibles			
Land and construction in progress	733,725	-	733,725
Other capital assets and intangibles, net	10,486,954	-	10,486,954
Total capital assets and intangibles	<u>11,220,679</u>	-	<u>11,220,679</u>
<b>TOTAL ASSETS</b>	<u>31,169,478</u>	<u>6,842,004</u>	<u>38,011,482</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	22,381	-	22,381
Other postemployment benefit related items	7,184	-	7,184
Excess of reacquisition price over carrying amount of refunded long-term obligations	14,414	-	14,414
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>43,979</u>	-	<u>43,979</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	398,995	146,375	545,370
Payroll related liabilities	15,047	-	15,047
Accrued interest payable	6,940	-	6,940
Current portion of long-term obligations	563,204	-	563,204
Total current liabilities	<u>984,186</u>	<u>146,375</u>	<u>1,130,561</u>
Long-term obligations			
Bonds and loans	1,539,734	-	1,539,734
Other postemployment benefit liability	101,678	-	101,678
Net pension liability	1,499,990	-	1,499,990
Total long-term obligations	<u>3,141,402</u>	-	<u>3,141,402</u>
<b>TOTAL LIABILITIES</b>	<u>4,125,588</u>	<u>146,375</u>	<u>4,271,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	38,928	-	38,928
Other postemployment benefit related items	18,837	-	18,837
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>57,765</u>	-	<u>57,765</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,300,808	-	9,300,808
Restricted for capital projects	-	6,695,629	6,695,629
Unrestricted	17,729,296	-	17,729,296
<b>TOTAL NET POSITION</b>	<u>\$ 27,030,104</u>	<u>\$ 6,695,629</u>	<u>\$ 33,725,733</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
WATER FUND**

**For the Year Ended June 30, 2020**

	Water	Water System Development Charges	Eliminating	Total Water Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,899,218	\$ -	\$ -	\$ 4,899,218
Licenses, permits, and fees	8,907	-	-	8,907
<b>TOTAL OPERATING REVENUES</b>	<b>4,908,125</b>	<b>-</b>	<b>-</b>	<b>4,908,125</b>
<b>OPERATING EXPENSES</b>				
System operation and maintenance	1,664,145	125,611	-	1,789,756
General fund administration charges	1,284,619	-	-	1,284,619
General and administrative costs	517,662	-	-	517,662
Depreciation and amortization	431,635	-	-	431,635
<b>TOTAL OPERATING EXPENSES</b>	<b>3,898,061</b>	<b>125,611</b>	<b>-</b>	<b>4,023,672</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,010,064</b>	<b>(125,611)</b>	<b>-</b>	<b>884,453</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earned	245,856	157,715	-	403,571
Interest	(73,622)	-	-	(73,622)
Rents	36,050	-	-	36,050
Miscellaneous	1,527,677	-	-	1,527,677
(Loss) on investment in joint ventures	(323,702)	-	-	(323,702)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,412,259</b>	<b>157,715</b>	<b>-</b>	<b>1,569,974</b>
Income (loss) before capital contributions and transfers	2,422,323	32,104	-	2,454,427
Capital contributions	-	714,158	-	714,158
Transfers in	335,827	-	(335,827)	-
Transfers out	(323,984)	(337,227)	335,827	(325,384)
Change in net position	2,434,166	409,035	-	2,843,201
Net position at beginning of year	24,595,938	6,286,594	-	30,882,532
Net position at end of year	<b>\$ 27,030,104</b>	<b>\$ 6,695,629</b>	<b>\$ -</b>	<b>\$ 33,725,733</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**WATER FUND**  
**For the Year Ended June 30, 2020**

	Water	Water System Development Charges	Eliminating	Total Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 5,051,215	\$ -	\$ -	\$ 5,051,215
Cash paid to employees	(1,176,940)	-	-	(1,176,940)
Cash paid to suppliers	(2,122,492)	(215,653)	-	(2,338,145)
Net cash provided by (used in) operating activities	<u>1,751,783</u>	<u>(215,653)</u>	<u>-</u>	<u>1,536,130</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(323,984)	(1,400)	-	(325,384)
Net cash provided by (used in) non-capital financing activities	<u>(323,984)</u>	<u>(1,400)</u>	<u>-</u>	<u>(325,384)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	-	714,158	-	714,158
Rent	36,050	-	-	36,050
Other	1,527,677	-	-	1,527,677
Acquisition of capital assets	(783,111)	-	-	(783,111)
Principal paid on long-term obligations	(365,564)	-	-	(365,564)
Interest paid on long-term obligations	(69,360)	-	-	(69,360)
Net cash provided by (used in) capital and related financing activities	<u>345,692</u>	<u>714,158</u>	<u>-</u>	<u>1,059,850</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest	232,352	150,328	-	382,680
Investments in joint ventures	-	(335,827)	-	(335,827)
Purchases of investments	(1,922,636)	(935,172)	-	(2,857,808)
Net cash provided by (used in) investing activities	<u>(1,690,284)</u>	<u>(1,120,671)</u>	<u>-</u>	<u>(2,810,955)</u>
Net increase (decrease) in cash and cash equivalents	83,207	(623,566)	-	(540,359)
Cash and cash equivalents at beginning of year	8,934,088	5,555,852	-	14,489,940
Cash and cash equivalent at end of year	<u>\$ 9,017,295</u>	<u>\$ 4,932,286</u>	<u>\$ -</u>	<u>\$ 13,949,581</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 1,010,064	\$ (125,611)	\$ -	\$ 884,453
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	431,635	-	-	431,635
Decrease (increase) in assets and deferred outflows				
Receivables, net	143,090	-	-	143,090
Inventory	(2,826)	-	-	(2,826)
Pension related items	104,324	-	-	104,324
Other postemployment benefit items	(3,991)	-	-	(3,991)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued liabilities	197,689	(90,042)	-	107,647
Payroll related liabilities	(7,956)	-	-	(7,956)
Compensated absences payable	(5,996)	-	-	(5,996)
Net pension liability	(37,515)	-	-	(37,515)
Other postemployment benefit liability	10,974	-	-	10,974
Pension related items	(85,066)	-	-	(85,066)
Other postemployment benefit items	(2,643)	-	-	(2,643)
Net cash provided by (used in) operating activities	<u>\$ 1,751,783</u>	<u>\$ (215,653)</u>	<u>\$ -</u>	<u>\$ 1,536,130</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>				
Transfers in	\$ 335,827	\$ -	\$ (335,827)	\$ -
Transfers out	-	(335,827)	335,827	-
Total noncash transactions	<u>\$ 335,827</u>	<u>\$ (335,827)</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF FOREST GROVE**

**WATER - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Licenses and permits	\$ 5,000	\$ 8,907	\$ 3,907
Charges for services	5,000,881	4,899,218	(101,663)
Sales of materials	1,000,000	1,527,677	527,677
Rents	36,050	36,050	-
Interest	200,000	217,273	17,273
<b>TOTAL REVENUES</b>	<b>6,241,931</b>	<b>6,689,125</b>	<b>447,194</b>
<b>EXPENDITURES</b>			
Water services	4,793,586	4,272,276	521,310
Debt service	434,925	434,924	1
Contingency	1,303,250	-	1,303,250
<b>TOTAL EXPENDITURES</b>	<b>6,531,761</b>	<b>4,707,200</b>	<b>1,824,561</b>
Excess (deficiency) of revenues over expenditures	(289,830)	1,981,925	2,271,755
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(332,230)	(323,984)	8,246
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(332,230)</b>	<b>(323,984)</b>	<b>8,246</b>
Net change in fund balance	(622,060)	1,657,941	2,280,001
Fund balance at beginning of year	10,592,500	10,907,234	314,734
Fund balance at end of year	<b>\$ 9,970,440</b>	<b>\$ 12,565,175</b>	<b>\$ 2,594,735</b>

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 395,595	\$ 714,158	\$ 318,563
Interest	<u>75,000</u>	<u>142,080</u>	<u>67,080</u>
<b>TOTAL REVENUES</b>	<u>470,595</u>	<u>856,238</u>	<u>385,643</u>
<b>EXPENDITURES</b>			
Water infrastructure construction	813,000	461,438	351,562
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>TOTAL EXPENDITURES</b>	<u>963,000</u>	<u>461,438</u>	<u>501,562</u>
Excess (deficiency) of revenues over expenditures	<u>(492,405)</u>	<u>394,800</u>	<u>887,205</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	(493,805)	393,400	887,205
Fund balance at beginning of year	<u>6,429,448</u>	<u>6,286,594</u>	<u>(142,854)</u>
Fund balance at end of year	<u>\$ 5,935,643</u>	<u>\$ 6,679,994</u>	<u>\$ 744,351</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF NET POSITION  
SURFACE WATER MANAGEMENT FUND**

**June 30, 2020**

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 555,682	\$ 261,266	\$ 816,948
Investments	214,321	100,768	315,089
Receivables, net	158,169	-	158,169
Accrued interest receivable	832	391	1,223
Total current assets	<u>929,004</u>	<u>362,425</u>	<u>1,291,429</u>
Capital assets and intangibles			
Other capital assets and intangibles, net	<u>7,086,658</u>	-	<u>7,086,658</u>
Total capital assets and intangibles	<u>7,086,658</u>	-	<u>7,086,658</u>
<b>TOTAL ASSETS</b>	<u>8,015,662</u>	<u>362,425</u>	<u>8,378,087</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	9,898	-	9,898
Other postemployment benefit related items	3,153	-	3,153
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>13,051</u>	-	<u>13,051</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	53,952	-	53,952
Payroll related liabilities	4,998	-	4,998
Total current liabilities	<u>58,950</u>	-	<u>58,950</u>
Long-term obligations			
Other postemployment benefit liability	44,606	-	44,606
Net pension liability	663,388	-	663,388
Total long-term obligations	<u>707,994</u>	-	<u>707,994</u>
<b>TOTAL LIABILITIES</b>	<u>766,944</u>	-	<u>766,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	17,216	-	17,216
Other postemployment benefit related items	8,263	-	8,263
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>25,479</u>	-	<u>25,479</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,086,658	-	7,086,658
Restricted for capital projects	-	362,425	362,425
Unrestricted	149,632	-	149,632
<b>TOTAL NET POSITION</b>	<u>\$ 7,236,290</u>	<u>\$ 362,425</u>	<u>\$ 7,598,715</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
SURFACE WATER MANAGEMENT FUND  
For the Year Ended June 30, 2020**

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,261,848	\$ -	\$ 1,261,848
<b>TOTAL OPERATING REVENUES</b>	1,261,848	-	1,261,848
<b>OPERATING EXPENSES</b>			
System operation and maintenance	380,184	239,219	619,403
General fund administration charges	435,892	-	435,892
General and administrative costs	13,705	-	13,705
Depreciation and amortization	187,283	-	187,283
<b>TOTAL OPERATING EXPENSES</b>	1,017,064	239,219	1,256,283
<b>OPERATING INCOME (LOSS)</b>	244,784	(239,219)	5,565
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earned	7,595	7,632	15,227
Miscellaneous	358	-	358
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	7,953	7,632	15,585
Income (loss) before capital contributions and transfers	252,737	(231,587)	21,150
Capital contributions	-	45,383	45,383
Transfers out	(55,682)	-	(55,682)
Change in net position	197,055	(186,204)	10,851
Net position at beginning of year	7,039,235	548,629	7,587,864
Net position at end of year	\$ 7,236,290	\$ 362,425	\$ 7,598,715

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SURFACE WATER MANAGEMENT FUND**  
**For the Year Ended June 30, 2020**

	Surface Water Management	Surface Water Management System Development Charges	Total Surface Water Management Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,275,141	\$ -	\$ 1,275,141
Cash paid to employees	35,551	-	35,551
Cash paid to suppliers	<u>(837,964)</u>	<u>(282,226)</u>	<u>(1,120,190)</u>
Net cash provided by (used in) operating activities	<u>472,728</u>	<u>(282,226)</u>	<u>190,502</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>(55,682)</u>	<u>-</u>	<u>(55,682)</u>
Net cash provided by (used in) non-capital financing activities	<u>(55,682)</u>	<u>-</u>	<u>(55,682)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions	-	45,383	45,383
Other	358	-	358
Acquisition of capital assets	<u>(503,227)</u>	<u>-</u>	<u>(503,227)</u>
Net cash provided by (used in) capital and related financing activities	<u>(502,869)</u>	<u>45,383</u>	<u>(457,486)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	6,763	7,241	14,004
Purchases of investments	<u>(88,431)</u>	<u>(13,047)</u>	<u>(101,478)</u>
Net cash provided by (used in) investing activities	<u>(81,668)</u>	<u>(5,806)</u>	<u>(87,474)</u>
Net increase (decrease) in cash and cash equivalents	(167,491)	(242,649)	(410,140)
Cash and cash equivalents at beginning of year	<u>723,173</u>	<u>503,915</u>	<u>1,227,088</u>
Cash and cash equivalent at end of year	<u>\$ 555,682</u>	<u>\$ 261,266</u>	<u>\$ 816,948</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 244,784	\$ (239,219)	\$ 5,565
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	187,283	-	187,283
Decrease (increase) in assets and deferred outflows			
Receivables, net	9,534	-	9,534
Pension related items	41,632	-	41,632
Other postemployment benefit items	(1,412)	-	(1,412)
Increase (decrease) in liabilities and deferred inflows			
Accounts payable and accrued liabilities	(8,183)	(43,007)	(51,190)
Payroll related liabilities	(1,263)	-	(1,263)
Due to Clean Water Services	3,759	-	3,759
Net pension liability	38,096	-	38,096
Other postemployment benefit liability	(4,844)	-	(4,844)
Pension related items	(33,211)	-	(33,211)
Other postemployment benefit items	<u>(3,447)</u>	<u>-</u>	<u>(3,447)</u>
Net cash provided by (used in) operating activities	<u>\$ 472,728</u>	<u>\$ (282,226)</u>	<u>\$ 190,502</u>

**CITY OF FOREST GROVE**

**SURFACE WATER MANAGEMENT - ENTERPRISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 600	\$ -	\$ (600)
Charges for services	1,136,001	1,261,848	125,847
Interest	1,500	5,834	4,334
Miscellaneous	<u>-</u>	<u>358</u>	<u>358</u>
<b>TOTAL REVENUES</b>	<u>1,138,101</u>	<u>1,268,040</u>	<u>129,939</u>
<b>EXPENDITURES</b>			
SWM services	1,614,377	1,296,194	318,183
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>TOTAL EXPENDITURES</b>	<u>1,764,377</u>	<u>1,296,194</u>	<u>468,183</u>
Excess (deficiency) of revenues over expenditures	<u>(626,276)</u>	<u>(28,154)</u>	<u>598,122</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(55,682)</u>	<u>(55,682)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(55,682)</u>	<u>(55,682)</u>	<u>-</u>
Net change in fund balance	(681,958)	(83,836)	598,122
Fund balance at beginning of year	<u>928,729</u>	<u>952,129</u>	<u>23,400</u>
Fund balance at end of year	<u>\$ 246,771</u>	<u>\$ 868,293</u>	<u>\$ 621,522</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
System development charges	\$ 34,500	\$ 45,383	\$ 10,883
Interest	<u>6,000</u>	<u>6,804</u>	<u>804</u>
<b>TOTAL REVENUES</b>	<u>40,500</u>	<u>52,187</u>	<u>11,687</u>
<b>EXPENDITURES</b>			
SWC infrastructure construction	442,000	239,219	202,781
Contingency	<u>64,897</u>	<u>-</u>	<u>64,897</u>
<b>TOTAL EXPENDITURES</b>	<u>506,897</u>	<u>239,219</u>	<u>267,678</u>
Net change in fund balance	(466,397)	(187,032)	279,365
Fund balance at beginning of year	<u>581,897</u>	<u>548,629</u>	<u>(33,268)</u>
Fund balance at end of year	<u>\$ 115,500</u>	<u>\$ 361,597</u>	<u>\$ 246,097</u>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2020**

	Information Systems	Equipment	Risk Management	Totals
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 494,514	\$ 1,168,375	\$ 114,126	\$ 1,777,015
Investments	190,729	450,630	44,017	685,376
Prepays	-	-	170,089	170,089
Accrued interest receivable	<u>721</u>	<u>1,750</u>	<u>171</u>	<u>2,642</u>
Total current assets	<u>685,964</u>	<u>1,620,755</u>	<u>328,403</u>	<u>2,635,122</u>
Capital assets				
Other capital assets, net	<u>-</u>	<u>2,287,322</u>	<u>-</u>	<u>2,287,322</u>
Total capital assets	<u>-</u>	<u>2,287,322</u>	<u>-</u>	<u>2,287,322</u>
<b>TOTAL ASSETS</b>	<u>685,964</u>	<u>3,908,077</u>	<u>328,403</u>	<u>4,922,444</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	-	2,459	-	2,459
Other postemployment benefit related items	<u>-</u>	<u>1,584</u>	<u>-</u>	<u>1,584</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>4,043</u>	<u>-</u>	<u>4,043</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	17,503	18,855	-	36,358
Accrued payroll liabilities	-	3,883	-	3,883
Current portion of long-term obligations	<u>-</u>	<u>11,205</u>	<u>-</u>	<u>11,205</u>
Total current liabilities	<u>17,503</u>	<u>33,943</u>	<u>-</u>	<u>51,446</u>
Long-term obligations				
Other postemployment benefit liability	-	22,426	-	22,426
Net pension liability	<u>-</u>	<u>164,795</u>	<u>-</u>	<u>164,795</u>
Total long-term obligations	<u>-</u>	<u>187,221</u>	<u>-</u>	<u>187,221</u>
<b>TOTAL LIABILITIES</b>	<u>17,503</u>	<u>221,164</u>	<u>-</u>	<u>238,667</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	-	4,277	-	4,277
Other postemployment benefit related items	<u>-</u>	<u>4,154</u>	<u>-</u>	<u>4,154</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>8,431</u>	<u>-</u>	<u>8,431</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	2,287,322	-	2,287,322
Unrestricted	<u>668,461</u>	<u>1,395,203</u>	<u>328,403</u>	<u>2,392,067</u>
<b>TOTAL NET POSITION</b>	<u>\$ 668,461</u>	<u>\$ 3,682,525</u>	<u>\$ 328,403</u>	<u>\$ 4,679,389</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2020**

	Information Systems	Equipment	City Utility	Risk Management	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 372,647	\$ 976,447	\$ -	\$ 487,607	\$ 1,836,701
Total operating revenues	<u>372,647</u>	<u>976,447</u>	<u>-</u>	<u>487,607</u>	<u>1,836,701</u>
<b>OPERATING EXPENSES</b>					
Systems operation and maintenance	310,846	576,065	219,891	569,742	1,676,544
General fund administrative charges	-	2,680	-	-	2,680
Depreciation	-	357,472	-	-	357,472
Total operating expenses	<u>310,846</u>	<u>936,217</u>	<u>219,891</u>	<u>569,742</u>	<u>2,036,696</u>
Operating income (loss)	<u>61,801</u>	<u>40,230</u>	<u>(219,891)</u>	<u>(82,135)</u>	<u>(199,995)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest earned	13,673	31,846	-	7,475	52,994
Miscellaneous	-	6,146	-	94,257	100,403
Gain (loss) on sale of capital assets	-	(11,230)	-	-	(11,230)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>13,673</u>	<u>26,762</u>	<u>-</u>	<u>101,732</u>	<u>142,167</u>
Income (loss) before transfers	75,474	66,992	(219,891)	19,597	(57,828)
Transfers in	-	110,070	219,891	-	329,961
Transfers out	-	-	-	(40,000)	(40,000)
Change in net position	75,474	177,062	-	(20,403)	232,133
Net position at beginning of year	<u>592,987</u>	<u>3,505,463</u>	<u>-</u>	<u>348,806</u>	<u>4,447,256</u>
Net position at end of year	<u>\$ 668,461</u>	<u>\$ 3,682,525</u>	<u>\$ -</u>	<u>\$ 328,403</u>	<u>\$ 4,679,389</u>

**CITY OF FOREST GROVE**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2020**

	Information Systems	Equipment	City Utility	Risk Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from interfund services provided	\$ 372,647	\$ 976,447	\$ -	\$ 487,607	\$ 1,836,701
Cash paid to employees	-	(233,911)	-	-	(233,911)
Cash paid to suppliers	<u>(326,334)</u>	<u>(352,689)</u>	<u>(219,891)</u>	<u>(649,374)</u>	<u>(1,548,288)</u>
Net cash provided by (used in) operating activities	<u>46,313</u>	<u>389,847</u>	<u>(219,891)</u>	<u>(161,767)</u>	<u>54,502</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	219,891	-	219,891
Transfers out	-	-	-	(40,000)	(40,000)
Net cash provided by (used in) non-capital financial activities	<u>-</u>	<u>-</u>	<u>219,891</u>	<u>(40,000)</u>	<u>179,891</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Transfers in	-	110,070	-	-	110,070
Sale of capital assets	-	20,549	-	-	20,549
Other	-	6,146	-	94,257	100,403
Acquisition of capital assets	-	(443,736)	-	-	(443,736)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(306,971)</u>	<u>-</u>	<u>94,257</u>	<u>(212,714)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	12,952	30,096	-	7,304	50,352
Purchase of investments	<u>(97,916)</u>	<u>(227,332)</u>	<u>-</u>	<u>(5,712)</u>	<u>(330,960)</u>
Net cash provided by (used in) investing activities	<u>(84,964)</u>	<u>(197,236)</u>	<u>-</u>	<u>1,592</u>	<u>(280,608)</u>
Net increase (decrease) in cash and cash equivalents	(38,651)	(114,360)	-	(105,918)	(258,929)
Cash and cash equivalents at beginning of year	<u>533,165</u>	<u>1,282,735</u>	<u>-</u>	<u>220,044</u>	<u>2,035,944</u>
Cash and cash equivalent at end of year	<u>\$ 494,514</u>	<u>\$ 1,168,375</u>	<u>\$ -</u>	<u>\$ 114,126</u>	<u>\$ 1,777,015</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ 61,801	\$ 40,230	\$ (219,891)	\$ (82,135)	\$ (199,995)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	357,472	-	-	357,472
Decrease (increase) in assets and deferred outflows					
Prepaid expenses	-	-	-	(46,366)	(46,366)
Pension related items	-	11,904	-	-	11,904
Other postemployment benefit items	-	(859)	-	-	(859)
Increase (decrease) in liabilities and deferred inflows					
Accounts payable	(15,488)	(1,339)	-	(33,266)	(50,093)
Payroll related liabilities	-	(475)	-	-	(475)
Compensated absences payable	-	1,094	-	-	1,094
Net pension liability	-	(9,497)	-	-	(9,497)
Other postemployment benefit liability	-	1,821	-	-	1,821
Pension related items	-	(9,779)	-	-	(9,779)
Other postemployment benefit related items	-	(725)	-	-	(725)
Net cash provided by (used in) operating activities	<u>\$ 46,313</u>	<u>\$ 389,847</u>	<u>\$ (219,891)</u>	<u>\$ (161,767)</u>	<u>\$ 54,502</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 372,647	\$ 372,647	\$ -
Interest	8,800	12,125	3,325
	<u>381,447</u>	<u>384,772</u>	<u>3,325</u>
<b>TOTAL REVENUES</b>	<u>381,447</u>	<u>384,772</u>	<u>3,325</u>
<b>EXPENDITURES</b>			
Information system services	486,107	310,846	175,261
Contingency	20,000	-	20,000
	<u>506,107</u>	<u>310,846</u>	<u>195,261</u>
<b>TOTAL EXPENDITURES</b>	<u>506,107</u>	<u>310,846</u>	<u>195,261</u>
Net change in fund balance	(124,660)	73,926	198,586
Fund balance at beginning of year	<u>607,232</u>	<u>592,987</u>	<u>(14,245)</u>
Fund balance at end of year	<u>\$ 482,572</u>	<u>\$ 666,913</u>	<u>\$ 184,341</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 962,255	\$ 976,447	\$ 14,192
Interest	15,000	28,142	13,142
Miscellaneous	-	6,146	6,146
<b>TOTAL REVENUES</b>	<b>977,255</b>	<b>1,010,735</b>	<b>33,480</b>
<b>EXPENDITURES</b>			
Vehicle services	1,228,302	1,028,522	199,780
Contingency	250,000	-	250,000
<b>TOTAL EXPENDITURES</b>	<b>1,478,302</b>	<b>1,028,522</b>	<b>449,780</b>
Excess (deficiency) of revenues over expenditures	(501,047)	(17,787)	483,260
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	62,100	20,549	(41,551)
Transfers in	110,070	110,070	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>172,170</b>	<b>130,619</b>	<b>(41,551)</b>
Net change in fund balance	(328,877)	112,832	441,709
Fund balance at beginning of year	1,523,234	1,481,481	(41,753)
Fund balance at end of year	<b>\$ 1,194,357</b>	<b>\$ 1,594,313</b>	<b>\$ 399,956</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Materials and services	\$ 230,622	\$ 219,891	\$ 10,731
<b>TOTAL EXPENDITURES</b>	<u>230,622</u>	<u>219,891</u>	<u>10,731</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>230,622</u>	<u>219,891</u>	<u>(10,731)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>230,622</u>	<u>219,891</u>	<u>(10,731)</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, 2020**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 487,602	\$ 487,607	\$ 5
Interest	7,500	7,113	(387)
Miscellaneous	-	94,257	94,257
<b>TOTAL REVENUES</b>	<b>495,102</b>	<b>588,977</b>	<b>93,875</b>
<b>EXPENDITURES</b>			
Risk management services	663,001	569,742	93,259
Contingency	30,000	-	30,000
<b>TOTAL EXPENDITURES</b>	<b>693,001</b>	<b>569,742</b>	<b>123,259</b>
Excess (deficiency) of revenues over expenditures	(197,899)	19,235	217,134
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(40,000)	(40,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>-</b>
Net change in fund balance	(237,899)	(20,765)	217,134
Fund balance at beginning of year	371,154	348,806	(22,348)
Fund balance at end of year	<b>\$ 133,255</b>	<b>\$ 328,041</b>	<b>\$ 194,786</b>

**CITY OF FOREST GROVE**

**AGENCY FUND  
UNSEGREGATED TAX AND INTEREST FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2020**

	<u>Balances July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances June 30, 2020</u>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 215,592</u>	<u>\$ 122,224</u>	<u>\$ 172,427</u>	<u>\$ 165,389</u>
<b>LIABILITIES</b>				
Amounts held in trust	<u>\$ 215,592</u>	<u>\$ 122,224</u>	<u>\$ 172,427</u>	<u>\$ 165,389</u>

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## **COMPLIANCE SECTION**

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

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 (the City) as of and for the year ended June 30, 2020, and have issued our report thereon dated March 12, 2021.

**Compliance**

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- 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 162-10-100 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

**OAR 162-10-230 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.

Mayor and Members  
of the City Council  
City of Forest Grove  
Independent Auditor's Report Required By  
Oregon State Regulations  
March 12, 2021  
Page Two

**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.

*Singer Lewak LLP*

March 12, 2021

By:



Bradley G. Bingenheimer,  
Partner