



**FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2021**

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**CITY OF FOREST GROVE**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**

---

**MAYOR**

Peter Truax

**CITY COUNCIL**

Timothy Rippe

Malynda Wenzl

Donna Gustafson

Elena Uhing

Kristy Kottkey

Mariana Valenzuela

The Mayor and Councilors receive mail at the City address

**CITY MANAGER**

Jesse VanderZanden

**CITY ADDRESS**

1924 Council Street  
P.O. Box 326  
Forest Grove, OR 97116

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# CITY OF FOREST GROVE

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council  
City of Forest Grove

### 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, Oregon (the "City"), as of and for the year ended June 30, 2021, 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 4 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City'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 City'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, 2021, 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 57 – 64 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, individual fund schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Reports on Other Legal and Regulatory Requirements**

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***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 June 3, 2022, 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*

June 3, 2022

By:



Bradley G. Bingenheimer, Partner

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

## 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 \$128.9 million at June 30, 2021. Of this amount, \$11.3 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 \$4.35 million in governmental activities and by \$4.49 million in business-type activities for a total increase of \$8.84 million.
- The General Fund reported an ending fund balance at June 30, 2021, of \$7,903,008 which is a increase of \$553,456 from the prior fiscal year. Ending fund balance at June 30, 2021, was 38.7% of the General Fund expenditures for the fiscal year ending June 30, 2021.

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Government-wide Statements

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

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

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

### Fund Financial Statements

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

The City has the following types of funds:

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

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

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

**NET POSITION – As of JUNE 30, 2021 and 2020  
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current and other assets	\$ 40,480	\$ 37,312	\$ 43,229	\$ 41,293	\$ 83,709	\$ 78,605
Capital assets, net	34,184	32,745	54,715	51,386	88,899	84,131
Total assets	<u>74,664</u>	<u>70,057</u>	<u>97,944</u>	<u>92,679</u>	<u>172,608</u>	<u>162,736</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Refunded debt charges	-	-	10	-	10	-
Pension related items	5,522	1,266	2,047	134	7,569	1,400
OPEB Items	281	93	25	29	306	122
Total Deferred Outflows of Resources	<u>5,803</u>	<u>1,359</u>	<u>2,082</u>	<u>163</u>	<u>7,885</u>	<u>1,522</u>
<b>LIABILITIES</b>						
Current and other liabilities	1,163	1,159	2,353	2,643	3,516	3,802
Long-term obligations	23,253	24,606	14,871	14,659	38,124	39,265
Total liabilities	<u>24,416</u>	<u>25,765</u>	<u>17,224</u>	<u>17,302</u>	<u>41,640</u>	<u>43,067</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension related items	6,357	582	2,902	233	9,259	815
OPEB Items	519	245	165	76	684	321
Total Deferred Outflows of Resources	<u>6,876</u>	<u>827</u>	<u>3,067</u>	<u>309</u>	<u>9,943</u>	<u>1,136</u>
<b>NET POSITION</b>						
Net investment in capital assets	34,184	32,744	49,513	46,528	83,697	79,272
Restricted	24,939	22,827	8,977	8,179	33,916	31,006
Unrestricted	(9,948)	(10,747)	21,245	20,538	11,297	9,791
Total net position	<u>\$ 49,175</u>	<u>\$ 44,824</u>	<u>\$ 79,735</u>	<u>\$ 75,245</u>	<u>\$ 128,910</u>	<u>\$ 120,069</u>

Total governmental assets are up about \$4.6 million or 6.6% 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 55.9% of the total business-type assets and increased by \$3.3 million from the prior year. Business-Type Activities current and other assets increased by \$5.3 million from the prior year. Most of that increase is due to an increase in capital assets, increased timber harvest net revenue, and increased capital contributions.

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, 2021 and 2020**

*(In thousands of dollars)*

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 8,490	\$ 9,690	\$28,837	\$28,383	\$ 37,327	\$ 38,073
Operating grants	4,928	2,485	25	-	4,953	2,485
Capital grants	5,649	2,398	1,924	896	7,573	3,294
General revenues:					-	-
Taxes	11,254	10,725	-	-	11,254	10,725
Other	1,482	2,071	2,217	1,818	3,699	3,889
Total revenues	<u>31,803</u>	<u>27,369</u>	<u>33,003</u>	<u>31,097</u>	<u>64,806</u>	<u>58,466</u>
<b>EXPENSES:</b>						
General government	9,786	10,178	-	-	9,786	10,178
Public safety	11,733	12,387	-	-	11,733	12,387
Highways and streets	3,515	2,390	-	-	3,515	2,390
Culture and recreation	4,029	1,761	-	-	4,029	1,761
Power services	-	-	20,179	19,008	20,179	19,008
Sewer services	-	-	1,281	1,140	1,281	1,140
Water services	-	-	4,564	4,097	4,564	4,097
Surface water management	-	-	845	1,256	845	1,256
Interest on long-term debt	34	67	-	-	34	67
Total expenses	<u>29,097</u>	<u>26,783</u>	<u>26,869</u>	<u>25,501</u>	<u>55,966</u>	<u>52,284</u>
Change in net position before transfers	2,706	586	6,134	5,596	8,840	6,182
Transfers	1,644	1,581	(1,644)	(1,581)	-	-
Change in net position	4,350	2,167	4,490	4,015	8,840	6,182
Net position at beginning of year	44,825	42,456	75,245	71,230	120,070	113,686
Prior period adjustment	-	201	-	-	-	201
Net position at end of year	<u>\$49,175</u>	<u>\$44,824</u>	<u>\$79,735</u>	<u>\$75,245</u>	<u>\$128,910</u>	<u>\$120,069</u>

The City's total revenues were \$64.8 million which increased by 10.8% from 2020. The major sources of revenues are business-type activity charges for services and governmental activities taxes, which account for 44.5% and 17.4% of total revenues, respectively. The total cost of all programs was \$55.97 million which is a 7% increase from 2020. Net position increased by \$8.84 million or 7.4% from 2020 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 \$36,268,789 at June 30, 2021, for an increase of \$2,860,531. Proprietary net position totaled \$79,734,841 at June 30, 2021, for an overall increase of \$4,490,035. 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, 2021</u>	<u>Balance at June 30, 2020</u>	<u>Change</u>
General	\$ 7,903,008	\$ 7,349,552	\$ 553,456
Street	2,213,856	1,874,981	338,875
Urban Renewal Agency	(1,028,362)	(1,401,852)	373,490
Transportation Development Tax	13,102,715	11,963,883	1,138,832
Non-major governmental	14,077,572	13,621,694	455,878
Totals	<u>\$ 36,268,789</u>	<u>\$ 33,408,258</u>	<u>\$ 2,860,531</u>

#### CHANGE IN PROPRIETARY NET POSITION

<u>Fund</u>	<u>Balance at June 30, 2021</u>	<u>Balance at June 30, 2020</u>	<u>Change</u>
Light	\$ 20,685,158	\$ 20,312,833	\$ 372,325
Sewer	15,106,364	13,607,525	1,498,839
Water	35,878,891	33,725,733	2,153,158
Surface Water Management	8,064,428	7,598,715	465,713
Totals	<u>\$ 79,734,841</u>	<u>\$ 75,244,806</u>	<u>\$ 4,490,035</u>

### City Fund's Highlights

The fund balance in the General Fund increased by \$553,456 which is more than the amount expected according to the adopted budget for the fiscal year ending June 30, 2021. 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, 2021, 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.

### GENERAL FUND BUDGET

During the year the General Fund budgeted intergovernmental revenues increased by \$499,883. Budgeted expenditures for Fire increased by \$382,345, Engineering increased by \$25,000, Nondepartmental increased by \$261,538 and Contingency was decreased by \$169,000.

### CAPITAL ASSETS

At June 30, 2021, the City had \$88,899,790 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 \$4,769,729. More detailed information about the City's capital assets is presented in the notes to the financial statements.

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

### **LONG TERM DEBT**

At June 30, 2021, the City had \$5,196,382 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.

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

Factors considered in preparing the City's General Fund budget for the 2021-22 fiscal year were, but not limited to the following:

- Forest Grove's assessed value is projected to grow by 4.0% to a total of \$1.928 billion for FY 2021-22 compared to the actual increase in assessed value of 4.4% in FY 2019-20. All property tax revenue goes into the General Fund and is projected to account for 49.7% of the General Fund's operating revenue in FY 2021-22.
- The City's five-year local option property tax levy of \$1.60 per \$1,000 of assessed value expires 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 submitted a replacement levy of \$1.95 per \$1,000 of assessed value to the voters which they recently approved. The increased rate will commence on July 1, 2023, and will allow the City to increase services in public safety, library, and parks and recreation. 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.
- The cost of the City's own Defined Benefit Retirement Plan (DB Plan) has leveled off after many years of increases due to changing actuarial assumptions used to calculate contributions. Over the past several years, the City has lowered its assumed rate of return from 7.25% to 6.00% through June 30, 2022. Effective July 1, 2022, the assumed rate of return will be further decreased to 5.25%. The City has also reserved \$900,000 in the General Fund to help smooth the effect of contribution increases to the General Fund due to potential lower investment performance.

### **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.

*Singer Lewak LLP*

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 19,913,071	\$ 17,325,079	\$ 37,238,150
Investments	17,005,094	14,942,917	31,948,011
Accrued interest receivable	36,757	31,474	68,231
Receivables, net	3,481,806	3,396,685	6,878,491
Inventory	-	867,128	867,128
Prepaid items	43,031	90,455	133,486
Investment in joint ventures	-	6,574,814	6,574,814
Capital assets:			
Land and construction in progress	9,181,247	2,270,072	11,451,319
Other capital assets, net	25,002,934	52,445,537	77,448,471
<b>Total assets</b>	<b>74,663,940</b>	<b>97,944,161</b>	<b>172,608,101</b>
<b>Deferred outflows of resources</b>			
Refunded debt charges	-	9,609	9,609
Pension related items	5,521,806	2,046,664	7,568,470
Other postemployment benefit related items	281,657	25,413	307,070
<b>Total deferred outflows of resources</b>	<b>5,803,463</b>	<b>2,081,686</b>	<b>7,885,149</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	979,090	2,252,841	3,231,931
Accrued interest payable	7,511	30,120	37,631
Deposits	176,043	70,491	246,534
Long-term liabilities:			
Due within one year	1,041,919	1,133,811	2,175,730
Due in more than one year	22,211,233	13,736,770	35,948,003
<b>Total liabilities</b>	<b>24,415,796</b>	<b>17,224,033</b>	<b>41,639,829</b>
<b>Deferred inflows of resources</b>			
Pension related items	6,357,533	2,901,493	9,259,026
Other postemployment benefit related items	518,628	165,480	684,108
<b>Total deferred inflows of resources</b>	<b>6,876,161</b>	<b>3,066,973</b>	<b>9,943,134</b>
<b>Net position</b>			
Net investment in capital assets	34,184,181	49,512,917	83,697,098
Restricted for:			
Highways and streets	2,213,856	-	2,213,856
Building operations	4,415,741	-	4,415,741
Community enhancement	42,837	-	42,837
Tourism	152,601	-	152,601
Capital projects	18,099,822	8,858,208	26,958,030
Credit support services	-	118,370	118,370
Other	14,172	-	14,172
Unrestricted	(9,947,764)	21,245,346	11,297,582
<b>Total net position</b>	<b>\$ 49,175,446</b>	<b>\$ 79,734,841</b>	<b>\$ 128,910,287</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>							
General government	\$ 9,785,980	\$ 7,807,762	\$ 477,643	\$ 612,454	\$ (888,121)		\$ (888,121)
Public safety	11,733,365	504,840	1,111,455	2,726,364	(7,390,706)		(7,390,706)
Highways and streets	3,514,511	18,900	2,325,367	1,157,240	(13,004)		(13,004)
Culture and recreation	4,029,095	158,662	1,013,426	1,153,007	(1,704,000)		(1,704,000)
Interest	34,288	-	-	-	(34,288)		(34,288)
Total governmental activities	29,097,239	8,490,164	4,927,891	5,649,065	(10,030,119)		(10,030,119)
<b>Business-type activities</b>							
Light	20,179,059	20,608,331	22,747	-		452,019	452,019
Sewer	1,281,348	1,679,618	-	1,178,518		1,576,788	1,576,788
Water	4,564,422	5,260,409	2,390	659,976		1,358,353	1,358,353
Stormwater	845,813	1,289,092	-	85,743		529,022	529,022
Total business-type activities	26,870,642	28,837,450	25,137	1,924,237		3,916,182	3,916,182
<b>Totals</b>	<b>\$ 55,967,881</b>	<b>\$ 37,327,614</b>	<b>\$ 4,953,028</b>	<b>\$ 7,573,302</b>	(10,030,119)	3,916,182	(6,113,937)
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					9,869,366	-	9,869,366
Specific purposes					506,155	-	506,155
Franchise fees					597,365	-	597,365
Transient room tax					87,234	-	87,234
Marijuana tax					194,262	-	194,262
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings					965,598	-	965,598
Miscellaneous					267,121	64,261	331,382
Miscellaneous					250,247	2,473,553	2,723,800
(Loss) on investment in joint venture					-	(320,366)	(320,366)
<b>Transfers</b>					<u>1,643,595</u>	<u>(1,643,595)</u>	-
Total general revenues and transfers					<u>14,380,943</u>	<u>573,853</u>	<u>14,954,796</u>
Change in net position					4,350,824	4,490,035	8,840,859
Net position at beginning of year					<u>44,824,622</u>	<u>75,244,806</u>	<u>120,069,428</u>
<b>Net position at end of year</b>					<b><u>\$ 49,175,446</u></b>	<b><u>\$ 79,734,841</u></b>	<b><u>\$ 128,910,287</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	<b>General</b>	<b>Street</b>	<b>Urban Renewal</b>	<b>Transportation Development Tax</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 3,287,704	\$ 1,197,286	\$ 254,774	\$ 7,027,872	\$ 6,570,705	\$ 18,338,341
Investments	2,689,589	1,032,895	219,939	6,062,075	5,642,047	15,646,545
Accrued interest receivable	7,788	2,176	463	12,768	12,824	36,019
Receivables	563,582	-	7,094	-	2,911,130	3,481,806
Due from other funds	2,173,247	-	-	-	1,502,134	3,675,381
Prepaid items	27,931	-	-	-	-	27,931
<b>Total assets</b>	<b>\$ 8,749,841</b>	<b>\$ 2,232,357</b>	<b>\$ 482,270</b>	<b>\$ 13,102,715</b>	<b>\$ 16,638,840</b>	<b>\$ 41,206,023</b>
<b>Liabilities, deferred inflows and fund balances</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 583,293	\$ 18,501	\$ 5,847	\$ -	\$ 327,664	\$ 935,305
Due to other funds	-	-	1,502,134	-	2,173,247	3,675,381
Deposits	166,548	-	-	-	9,495	176,043
<b>Total liabilities</b>	<b>749,841</b>	<b>18,501</b>	<b>1,507,981</b>	<b>-</b>	<b>2,510,406</b>	<b>4,786,729</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue	96,992	-	2,651	-	50,862	150,505
<b>Total deferred inflows of resources</b>	<b>96,992</b>	<b>-</b>	<b>2,651</b>	<b>-</b>	<b>50,862</b>	<b>150,505</b>
<b>Fund balances</b>						
Nonspendable	27,931	-	-	-	41,186	69,117
<b>Restricted for:</b>						
Highways and streets	-	2,213,856	-	-	-	2,213,856
Building operations	-	-	-	-	4,415,741	4,415,741
Capital projects	-	-	-	13,102,715	4,997,108	18,099,823
Community enhancement	-	-	-	-	42,837	42,837
Tourism	-	-	-	-	152,601	152,601
Other purposes	-	-	-	-	14,172	14,172
<b>Committed for:</b>						
Highways and streets	-	-	-	-	28,033	28,033
Capital projects	-	-	-	-	629,105	629,105
<b>Assigned for:</b>						
Pensions	900,000	-	-	-	-	900,000
Capital projects	-	-	-	-	3,782,473	3,782,473
Unassigned	6,975,077	-	(1,028,362)	-	(25,684)	5,921,031
<b>Total fund balances</b>	<b>7,903,008</b>	<b>2,213,856</b>	<b>(1,028,362)</b>	<b>13,102,715</b>	<b>14,077,572</b>	<b>36,268,789</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,749,841</b>	<b>\$ 2,232,357</b>	<b>\$ 482,270</b>	<b>\$ 13,102,715</b>	<b>\$ 16,638,840</b>	<b>\$ 41,206,023</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

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Fund balances - total governmental funds	\$ 36,268,789
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	34,184,181
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	150,505
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position	
Internal service funds net position	4,809,904
Compensated absences of the internal service fund included below	11,612
Pension related liabilities, deferred outflows and deferred inflows included below	181,813
Other postemployment benefit related liabilities, deferred outflows and deferred inflows included below	24,269
Capital assets of the internal service fund included above	(2,122,266)
Deferred outflows related to the City's pension plans and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds	5,803,463
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	(23,260,663)
Deferred inflows related to the City's pension plans and other postemployment benefit plans are reported in the statement of net position but are not reported in the funds	<u>(6,876,161)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 49,175,446</u></b>

**CITY OF FOREST GROVE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	General	Street	Urban Renewal	Transportation Development Tax	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 9,866,090	\$ -	\$ 506,155	\$ -	\$ -	\$ 10,372,245
Other local taxes	281,496	431,277	-	1,052,103	84,144	1,849,020
Franchise fees	597,365	-	-	-	-	597,365
Licenses, permits and fees	202,460	-	-	-	2,745,783	2,948,243
Fines and forfeitures	475,960	-	-	-	-	475,960
Charges for services	4,433,131	18,900	-	-	593	4,452,624
Donations	7,996	-	-	-	445,309	453,305
System development charges	-	-	-	-	718,398	718,398
Intergovernmental	3,260,203	1,875,874	-	-	3,281,671	8,417,748
Interest	89,641	2,017	3,588	86,729	79,743	261,718
Miscellaneous	221,093	70	-	-	10,000	231,163
<b>Total revenues</b>	<b>19,435,435</b>	<b>2,328,138</b>	<b>509,743</b>	<b>1,138,832</b>	<b>7,365,641</b>	<b>30,777,789</b>
<b>Expenditures</b>						
Current						
General government	5,826,915	-	100,550	-	1,166,115	7,093,580
Public safety	11,933,065	-	-	-	809	11,933,874
Highways and streets	-	1,140,051	-	-	161,594	1,301,645
Culture and recreation	2,659,351	-	-	-	3,309	2,662,660
Debt service	-	-	35,703	-	-	35,703
Capital outlay	15,868	849,212	-	-	5,397,518	6,262,598
<b>Total expenditures</b>	<b>20,435,199</b>	<b>1,989,263</b>	<b>136,253</b>	<b>-</b>	<b>6,729,345</b>	<b>29,290,060</b>
Excess (deficiency) of revenues over expenditures	(999,764)	338,875	373,490	1,138,832	636,296	1,487,729
<b>Other financing sources (uses)</b>						
Transfers in	1,553,220	-	-	-	374,500	1,927,720
Transfers out	-	-	-	-	(554,918)	(554,918)
<b>Total other financing sources (uses)</b>	<b>1,553,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,418)</b>	<b>1,372,802</b>
Net change in fund balances	553,456	338,875	373,490	1,138,832	455,878	2,860,531
Fund balances at beginning of year	7,349,552	1,874,981	(1,401,852)	11,963,883	13,621,694	33,408,258
<b>Fund balance at end of year</b>	<b>\$ 7,903,008</b>	<b>\$ 2,213,856</b>	<b>\$ (1,028,362)</b>	<b>\$ 13,102,715</b>	<b>\$ 14,077,572</b>	<b>\$ 36,268,789</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2021**

Net change in fund balances - total governmental funds \$ 2,860,531

*Amounts reported for governmental activities in the  
Statement of Activities are different because of the following*

Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:

Acquisition of capital assets	\$ 3,208,855	
Depreciation	<u>(1,604,075)</u>	1,604,780

The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS and the Retirement Plan for Employees of the City of Forest Grove are reported as additional expenses for increases and a reduction of expenses for decreases 126,659

The changes in other postemployment benefit liability (asset), deferred outflows of resources and deferred inflows 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 (312,049)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes	3,286	
Other	<u>(11,983)</u>	(8,697)

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	1,414	
Compensated absences	<u>(52,329)</u>	(50,915)

Change in net position of internal service funds 130,515

**Change in net position of governmental activities \$ 4,350,824**

**CITY OF FOREST GROVE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 9,761,850	\$ 9,761,850	\$ 9,866,090	\$ 104,240
Other local taxes	162,500	162,500	281,496	118,996
Franchise fees	595,000	595,000	597,365	2,365
Licenses, permits and fees	131,400	131,400	202,460	71,060
Fines and forfeitures	431,675	431,675	475,960	44,285
Charges for services	4,810,528	4,810,528	4,433,131	(377,397)
Intergovernmental	2,634,088	3,133,971	3,260,203	126,232
Donations	700	700	7,996	7,296
Interest	74,500	74,500	126,470	51,970
Miscellaneous	242,397	242,397	221,093	(21,304)
<b>Total revenues</b>	<u>18,844,638</u>	<u>19,344,521</u>	<u>19,472,264</u>	<u>127,743</u>
<b>Expenditures</b>				
Legislative and executive	634,621	634,621	588,049	46,572
Administrative services	3,499,256	3,499,256	3,371,498	127,758
Library	1,422,904	1,422,904	1,304,583	118,321
Planning	645,950	645,950	622,871	23,079
Fire	5,112,032	5,494,377	5,193,307	301,070
Engineering	1,014,158	1,039,158	986,047	53,111
Police	6,764,175	6,764,175	6,376,210	387,965
Aquatics	737,297	737,297	554,973	182,324
Parks and recreation	849,099	849,099	815,663	33,436
Municipal court	390,112	390,112	363,548	26,564
Nondepartmental				
Materials and services	-	261,538	258,450	3,088
Contingency	750,000	581,000	-	581,000
<b>Total expenditures</b>	<u>21,819,604</u>	<u>22,319,487</u>	<u>20,435,199</u>	<u>1,884,288</u>
Excess (deficiency) of revenues over expenditures	<u>(2,974,966)</u>	<u>(2,974,966)</u>	<u>(962,935)</u>	<u>2,012,031</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>1,553,220</u>	<u>1,553,220</u>	<u>1,553,220</u>	<u>-</u>
Net change in fund balance	(1,421,746)	(1,421,746)	590,285	2,012,031
Fund balance at beginning of year	<u>6,886,059</u>	<u>6,886,059</u>	<u>7,332,524</u>	<u>446,465</u>
<b>Fund balance at end of year</b>	<u><b>\$ 5,464,313</b></u>	<u><b>\$ 5,464,313</b></u>	<u><b>\$ 7,922,809</b></u>	<u><b>\$ 2,458,496</b></u>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STREET FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other local taxes	\$ 310,000	\$ 310,000	\$ 431,277	\$ 121,277
Licenses, permits and fees	2,500	2,500	-	(2,500)
Charges for services	-	-	18,900	18,900
Intergovernmental	1,908,750	1,908,750	1,875,874	(32,876)
Interest	5,000	5,000	12,110	7,110
Miscellaneous	36,000	36,000	70	(35,930)
	<u>2,262,250</u>	<u>2,262,250</u>	<u>2,338,231</u>	<u>75,981</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Street services	2,609,969	2,609,969	1,989,263	620,706
Contingency	150,000	150,000	-	150,000
	<u>2,759,969</u>	<u>2,759,969</u>	<u>1,989,263</u>	<u>770,706</u>
<b>Total expenditures</b>				
Net change in fund balance	(497,719)	(497,719)	348,968	846,687
Fund balance at beginning of year	<u>1,721,141</u>	<u>1,721,141</u>	<u>1,870,638</u>	<u>149,497</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,223,422</u></b>	<b><u>\$ 1,223,422</u></b>	<b><u>\$ 2,219,606</u></b>	<b><u>\$ 996,184</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**URBAN RENEWAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 437,713	\$ 437,713	\$ 506,155	\$ 68,442
Interest	<u>2,200</u>	<u>2,200</u>	<u>5,585</u>	<u>3,385</u>
Total revenues	<u>439,913</u>	<u>439,913</u>	<u>511,740</u>	<u>71,827</u>
<b>Expenditures</b>				
Materials and services	460,139	460,139	100,550	359,589
Debt service	<u>318,691</u>	<u>318,691</u>	<u>318,691</u>	<u>-</u>
Total expenditures	<u>778,830</u>	<u>778,830</u>	<u>419,241</u>	<u>359,589</u>
Net change in fund balance	(338,917)	(338,917)	92,499	431,416
Fund balance at beginning of year	<u>338,917</u>	<u>338,917</u>	<u>382,667</u>	<u>43,750</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 475,166</u></b>	<b><u>\$ 475,166</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface	Total	Internal Service Funds
				Water Management	Enterprise Funds	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 2,399,259	\$ 2,898,225	\$ 11,272,949	\$ 754,646	\$ 17,325,079	\$ 1,574,730
Investments	2,068,463	2,499,747	9,723,610	651,097	14,942,917	1,358,549
Accrued interest receivable	4,357	5,265	20,481	1,371	31,474	2,861
Receivables, net	1,984,975	615,564	636,283	159,863	3,396,685	-
Inventory	671,803	11,879	183,446	-	867,128	-
Prepaid items	57,631	32,115	584	125	90,455	15,100
<b>Total current assets</b>	<b>7,186,488</b>	<b>6,062,795</b>	<b>21,837,353</b>	<b>1,567,102</b>	<b>36,653,738</b>	<b>2,951,240</b>
Investment in joint ventures	-	-	6,574,814	-	6,574,814	-
<b>Capital assets</b>						
Land and construction in progress	1,715,436	81,022	473,614	-	2,270,072	-
Other capital assets, net	23,086,407	11,182,735	10,844,203	7,332,192	52,445,537	2,122,266
<b>Total capital assets</b>	<b>24,801,843</b>	<b>11,263,757</b>	<b>11,317,817</b>	<b>7,332,192</b>	<b>54,715,609</b>	<b>2,122,266</b>
<b>Total assets</b>	<b>31,988,331</b>	<b>17,326,552</b>	<b>39,729,984</b>	<b>8,899,294</b>	<b>97,944,161</b>	<b>5,073,506</b>
<b>Deferred outflows of resources</b>						
Refunded debt charges	-	-	9,609	-	9,609	-
Pension related items	1,437,950	122,769	336,578	149,367	2,046,664	38,119
Other postemployment benefit related items	15,439	1,400	5,959	2,615	25,413	1,250
<b>Total deferred outflows of resources</b>	<b>1,453,389</b>	<b>124,169</b>	<b>352,146</b>	<b>151,982</b>	<b>2,081,686</b>	<b>39,369</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities	1,112,141	638,665	430,361	71,674	2,252,841	45,908
Accrued interest payable	16,617	8,820	4,683	-	30,120	-
Consumer deposits	70,491	-	-	-	70,491	-
Long-term obligations due within one year	483,661	93,668	556,482	-	1,133,811	11,612
<b>Total current liabilities</b>	<b>1,682,910</b>	<b>741,153</b>	<b>991,526</b>	<b>71,674</b>	<b>3,487,263</b>	<b>57,520</b>
Long-term obligations due in more than one year	8,934,577	1,420,043	2,695,754	686,396	13,736,770	183,273
<b>Total liabilities</b>	<b>10,617,487</b>	<b>2,161,196</b>	<b>3,687,280</b>	<b>758,070</b>	<b>17,224,033</b>	<b>240,793</b>
<b>Deferred inflows of resources</b>						
Pension related items	2,038,536	174,046	477,157	211,754	2,901,493	54,040
Other postemployment benefit related items	100,539	9,115	38,802	17,024	165,480	8,138
<b>Total deferred inflows of resources</b>	<b>2,139,075</b>	<b>183,161</b>	<b>515,959</b>	<b>228,778</b>	<b>3,066,973</b>	<b>62,178</b>
<b>Net position</b>						
Net investment in capital assets	22,098,843	10,303,798	9,778,084	7,332,192	49,512,917	1,927,381
Restricted for:						
Capital projects	-	1,223,250	7,187,337	447,621	8,858,208	-
Credit support reserves	118,370	-	-	-	118,370	-
Unrestricted	(1,532,055)	3,579,316	18,913,470	284,615	21,245,346	2,882,523
<b>Total net position</b>	<b>\$ 20,685,158</b>	<b>\$ 15,106,364</b>	<b>\$ 35,878,891</b>	<b>\$ 8,064,428</b>	<b>\$ 79,734,841</b>	<b>\$ 4,809,904</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2021

	Business-type Activities				Governmental Activities	
	Light	Sewer	Water	Surface Water Management	Totals Enterprise Funds	Internal Service Funds
<b>Operating revenues</b>						
Licenses, permits and fees	\$ -	\$ 1,254	\$ 2,718	\$ -	\$ 3,972	\$ -
Charges for services	20,608,331	1,678,364	5,257,691	1,289,092	28,833,478	1,976,080
Total operating revenues	<u>20,608,331</u>	<u>1,679,618</u>	<u>5,260,409</u>	<u>1,289,092</u>	<u>28,837,450</u>	<u>1,976,080</u>
<b>Operating expenses</b>						
Personnel services	4,990,925	326,670	1,232,079	549,092	7,098,766	263,871
Materials and services	13,704,368	663,435	2,844,418	102,951	17,315,172	1,428,474
Depreciation	891,158	282,423	429,496	193,770	1,796,847	379,103
Total operating expenses	<u>19,586,451</u>	<u>1,272,528</u>	<u>4,505,993</u>	<u>845,813</u>	<u>26,210,785</u>	<u>2,071,448</u>
Operating income (loss)	<u>1,021,880</u>	<u>407,090</u>	<u>754,416</u>	<u>443,279</u>	<u>2,626,665</u>	<u>(95,368)</u>
<b>Nonoperating revenues (expenses)</b>						
Grants	22,747	-	2,390	-	25,137	6,778
Interest income	(1,004)	7,175	59,101	(1,011)	64,261	6,970
Miscellaneous	1,085,923	1,549	1,385,592	489	2,473,553	36,567
Loss on sale of capital assets	(523,540)	-	-	-	(523,540)	(95,225)
Interest expense	(69,068)	(8,820)	(58,429)	-	(136,317)	-
(Loss) on investment in joint ventures	-	-	(320,366)	-	(320,366)	-
Total nonoperating revenue (expenses)	<u>515,058</u>	<u>(96)</u>	<u>1,068,288</u>	<u>(522)</u>	<u>1,582,728</u>	<u>(44,910)</u>
Income (loss) before transfers and capital contributions	1,536,938	406,994	1,822,704	442,757	4,209,393	(140,278)
Capital contributions	-	1,178,518	659,976	85,743	1,924,237	-
Transfers in	-	-	-	-	-	310,793
Transfers out	<u>(1,164,613)</u>	<u>(86,673)</u>	<u>(329,522)</u>	<u>(62,787)</u>	<u>(1,643,595)</u>	<u>(40,000)</u>
Change in net position	372,325	1,498,839	2,153,158	465,713	4,490,035	130,515
Net position at beginning 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>
<b>Net position at end of year</b>	<b><u>\$ 20,685,158</u></b>	<b><u>\$ 15,106,364</u></b>	<b><u>\$ 35,878,891</u></b>	<b><u>\$ 8,064,428</u></b>	<b><u>\$ 79,734,841</u></b>	<b><u>\$ 4,809,904</u></b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2021

	Business-type Activities					Governmental Activities
	Light	Sewer	Water	Surface Water Management	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 20,434,288	\$ 1,674,577	\$ 5,123,251	\$ 1,287,398	\$ 28,519,514	\$ -
Receipts from other funds	-	-	-	-	-	1,976,080
Payments to suppliers	(14,029,928)	(740,395)	(2,985,758)	(90,352)	(17,846,433)	(1,267,818)
Payments to employees	(4,417,342)	(300,727)	(1,159,089)	(506,322)	(6,383,480)	(248,991)
Net cash from operating activities	<u>1,987,018</u>	<u>633,455</u>	<u>978,404</u>	<u>690,724</u>	<u>4,289,601</u>	<u>459,271</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	-	-	-	-	196,313
Transfers out	(1,164,613)	(86,673)	(329,522)	(62,787)	(1,643,595)	(40,000)
Net cash from noncapital financing activities	<u>(1,164,613)</u>	<u>(86,673)</u>	<u>(329,522)</u>	<u>(62,787)</u>	<u>(1,643,595)</u>	<u>156,313</u>
<b>Cash flows from capital and related financing activities</b>						
Transfers in	-	-	-	-	-	114,480
System development charges received	-	162,032	659,976	85,743	907,751	-
Other	1,085,923	1,549	1,385,592	489	2,473,553	36,567
Acquisition of capital assets	(2,274,417)	(377,064)	(653,561)	(439,304)	(3,744,346)	(309,272)
Principal paid on long-term obligations	(235,000)	(47,708)	(376,984)	-	(659,692)	-
Interest paid on long-term obligations	(70,512)	(8,820)	(59,035)	-	(138,367)	-
Net cash from capital and related financing activities	<u>(1,471,259)</u>	<u>(270,011)</u>	<u>958,378</u>	<u>(353,072)</u>	<u>(1,135,964)</u>	<u>(151,447)</u>
<b>Cash flows from investing activities</b>						
Interest on investments	169	7,437	59,511	(1,159)	65,958	6,751
Purchases of investments	(644,375)	(1,076,394)	(4,343,403)	(336,008)	(6,400,180)	(673,173)
Net cash from investing activities	<u>(644,206)</u>	<u>(1,068,957)</u>	<u>(4,283,892)</u>	<u>(337,167)</u>	<u>(6,334,222)</u>	<u>(666,422)</u>
Net increase (decrease) in cash and cash equivalents	(1,293,060)	(792,186)	(2,676,632)	(62,302)	(4,824,180)	(202,285)
Cash and cash equivalents at beginning of year	3,692,319	3,690,411	13,949,581	816,948	22,149,259	1,777,015
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,399,259</b>	<b>\$ 2,898,225</b>	<b>\$ 11,272,949</b>	<b>\$ 754,646</b>	<b>\$ 17,325,079</b>	<b>\$ 1,574,730</b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>						
Operating income (loss)	\$ 1,021,880	\$ 407,090	\$ 754,416	\$ 443,279	\$ 2,626,665	\$ (95,368)
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation	891,158	282,423	429,496	193,770	1,796,847	379,103
(Increase) decrease in assets and deferred outflows						
Receivables, net	(162,100)	(5,041)	(137,158)	(1,694)	(305,993)	-
Inventories	(192,805)	(244)	(10,700)	-	(203,749)	-
Prepaid items	(11,860)	(32,115)	(584)	(125)	(44,684)	154,989
Pension related items	(1,344,352)	(114,518)	(314,197)	(139,469)	(1,912,536)	(35,660)
Other postemployment benefit related items	1,356	355	1,225	538	3,474	334
Increase (decrease) in liabilities and deferred inflows						
Accounts payable and accrued liabilities	(120,895)	(44,601)	(130,056)	12,724	(282,828)	5,667
Consumer deposits	(11,943)	-	-	-	(11,943)	-
Compensated absences payable	22,485	-	(18,195)	-	4,290	407
Net pension liability	(15,134)	(18,723)	(35,222)	(13,350)	(82,429)	1,097
Net other postemployment benefits liability	(23,011)	(5,378)	(18,815)	(8,248)	(55,452)	(5,045)
Pension related items	1,875,739	159,694	438,229	194,538	2,668,200	49,763
Other postemployment benefit related items	56,500	4,513	19,965	8,761	89,739	3,984
<b>Net cash from operating activities</b>	<b>\$ 1,987,018</b>	<b>\$ 633,455</b>	<b>\$ 978,404</b>	<b>\$ 690,724</b>	<b>\$ 4,289,601</b>	<b>\$ 459,271</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>						
(Loss) on investment in joint ventures	\$ -	\$ -	\$ (320,366)	\$ -	\$ (320,366)	\$ -

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2021**

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	<b>City of Forest Grove Retirement Plan Trust Fund</b>	<b>Custodial Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 244,332	\$ 3,924
Investments	68,368,647	-
Contributions receivable	139,175	-
Total assets	68,752,154	3,924
<b>Net position</b>		
Restricted for pension	<b>\$ 68,752,154</b>	<b>\$ 3,924</b>

See notes to financial statements

**CITY OF FOREST GROVE**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended June 30, 2021**

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	<b>City of Forest Grove Retirement Plan Trust Fund</b>	<b>Custodial Fund</b>
<b>Additions</b>		
Employer contributions	\$ 4,220,032	\$ -
Investment earnings	14,888,990	-
Total additions	19,109,022	-
<b>Deductions</b>		
Benefits	2,753,839	-
Administrative expenses	153,078	-
Total deductions	2,906,917	-
Change in net position	16,202,105	-
Net position at beginning of year	52,550,049	3,924
<b>Net position at end of year</b>	<b>\$ 68,752,154</b>	<b>\$ 3,924</b>

See notes to financial statements

# CITY OF FOREST GROVE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – FINANCIAL REPORTING ENTITY

The City of Forest Grove (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.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Government-wide and fund financial statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the nonfiduciary 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 individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 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 two months 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 basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America (GAAP).

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 reports the following fund types:

*Special revenue* – are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*Capital projects* – are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by business-type or proprietary funds).

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

# CITY OF FOREST GROVE

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Measurement focus, basis of accounting and financial statement presentation (Continued)

*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.

#### 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 the fall of 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 Council 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.

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 at the personnel services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds except for the General Fund where budgetary control is established at the department level.

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.

#### 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.

#### 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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes (Continued)

Uncollected property taxes in governmental funds are reported in 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 revenue. Property taxes collected within 60 days of the end of the current fiscal year are considered measurable and available and are recognized as revenue.

User charges and fines receivable

User charges and fines receivable 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 have not been collected by the time the financial statements are issued.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) and market. Inventories consist of materials and supplies maintained for system maintenance and operation.

Capital assets

Capital assets are recorded in the statement of net position at cost or estimated historical cost if purchased or constructed. Donated items are recorded at their estimated fair value at the date of donation. The City records capital assets for items with original cost, or estimated fair value if donated, of \$5,000 or more and an expected economic useful life of 1 year or more.

Public domain (infrastructure) capital assets (such as, roads, bridges, sidewalks, storm sewers, and other assets that are immovable and of value to the City) that have been acquired or reconstructed have been capitalized at estimated historical cost.

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the change in net position. Depreciation taken on contributed capital assets is recorded as an expense of operations and charged to retained earnings.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (with prorated depreciation in the year of acquisition and prorated depreciation in the year of disposal):

Infrastructure	40 to 50 years
Buildings and improvements	10 to 40 years
Equipment and vehicles	3 to 15 years

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-term obligations

Long-term obligations consist of notes, bonds, and compensated absences. Long-term obligations expected to be repaid from proprietary funds are accounted for in the business-type activities and proprietary funds. Long-term obligations expected to be repaid from governmental funds are accounted for in the governmental activities.

Bonds

Bond premiums and discounts 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.

Compensated absences

Vacation and sick leave amounts are accrued as they are earned. Sick leave is not paid out upon termination; vacation leave is paid out if termination occurs after the probationary period.

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.

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.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Other postemployment benefits

The liabilities for other postemployment benefits liability under NW Firefighters Relief Association Services, and implicit subsidies are based on actuarial valuations. See the detailed footnotes for more information about the plans.

Equity classification

*Government-wide and proprietary fund net position*

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

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

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

*Unrestricted net position* – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

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, then unrestricted resources as they are needed.

*Governmental fund type fund balance reporting*

Governmental type fund balances are to be properly reported within one of the fund balance categories listed below:

*Nonspendable* – Amounts that cannot be spent either because they are in non-spendable 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.

*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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Equity classification (Continued)

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

**NOTE 3 – RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS**

The budget of the City is prepared differently from GAAP. 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 GAAP.

For the year ended June 30, 2021, the following is a reconciliation of the differences between the budgetary basis and GAAP for revenues and other financing sources over (under) expenditures and other financing uses for the aforementioned financial statements:

	<u>General</u>	<u>Street</u>	<u>Urban Renewal</u>
Net change in fund balances - GAAP basis	\$ 552,456	\$ 338,875	\$ 373,490
<b>Revenues:</b>			
(Increase) decrease in investments and receivables susceptible to accrual, recognized as revenues on the GAAP basis	36,829	10,093	1,997
<b>Expenditures:</b>			
Payment on interfund loan recognized as a reduction in liability on the GAAP basis	-	-	(282,988)
<b>Net change in fund balances - budgetary basis</b>	<b><u>\$ 589,285</u></b>	<b><u>\$ 348,968</u></b>	<b><u>\$ 92,499</u></b>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO BUDGETARY BASIS (Continued)**

In addition, a reconciliation of the difference between budgetary basis and GAAP in beginning and ending fund balances is as follows:

	<u>General</u>	<u>Street</u>	<u>Urban Renewal</u>
Beginning fund balances - GAAP basis	\$ 7,349,552	\$ 1,874,981	\$ (1,401,852)
Differences in revenue recognition	(17,028)	(4,343)	(603)
Interfund loan	-	-	1,785,122
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Beginning fund balance - budgetary basis	<u>\$ 7,332,524</u>	<u>\$ 1,870,638</u>	<u>\$ 382,667</u>
Ending fund balances - GAAP basis	\$ 7,902,008	\$ 2,213,856	\$ (1,028,362)
Interfund loan	-	-	1,502,134
Differences in revenue recognition	19,801	5,750	1,394
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Ending fund balance - budgetary basis</b>	<b><u>\$ 7,921,809</u></b>	<b><u>\$ 2,219,606</u></b>	<b><u>\$ 475,166</u></b>

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City's cash, cash equivalents, and investments as of June 30, 2021, were as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 5,114,833
State of Oregon Local Government Investment Pool	32,074,177
Cash on hand	2,990
Money market funds	<u>294,406</u>
	<b><u>\$ 37,486,406</u></b>
Investments	
Certificates of deposit	\$ 273,264
US government agencies	31,674,747
Mutual funds	<u>68,368,647</u>
	<b><u>\$100,316,658</u></b>

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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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, 2021, none of the City’s bank balances were exposed to custodial credit risk.

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 Agency’s position in the LGIP is the same as the value of the pool shares.

Investments

The City had the following investments as of June 30, 2021:

<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	\$ 273,264	0.27%	1.00
US government agencies	Not rated	31,674,747	31.57%	12.80
Mutual funds	Not rated	<u>68,368,647</u>	68.15%	N/A

**\$100,316,658**

*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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

*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% for U.S. agency securities; 10% for bankers’ acceptances; 5% for commercial paper or corporate bonds; 25% for repurchase agreements; and 10% 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 Percent of Portfolio</u>
US treasuries	100%
US government agencies	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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – RECEIVABLES**

As of June 30, 2021, receivables were as follows:

	Governmental Activities/Funds			Business-type Activities/Enterprise Funds				Totals
	General	Urban Renewal	Nonmajor	Light	Sewer	Water	Surface Water Management	
Property taxes	\$ 157,730	\$ 7,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,824
Accounts	405,852	-	176,575	54,401	1,307	10,718	-	648,853
Assessments	-	-	8,191	-	-	-	-	8,191
Grants	-	-	2,726,364	-	-	-	-	2,726,364
User charges	-	-	-	2,036,308	627,572	647,063	163,991	3,474,934
Allowance for doubtful accounts	-	-	-	(105,734)	(13,315)	(21,498)	(4,128)	(144,675)
	<b>\$ 563,582</b>	<b>\$ 7,094</b>	<b>\$ 2,911,130</b>	<b>\$ 1,984,975</b>	<b>\$ 615,564</b>	<b>\$ 636,283</b>	<b>\$ 159,863</b>	<b>\$ 6,878,491</b>

**NOTE 6 – CAPITAL ASSETS**

Activity for governmental activities for the year ended June 30, 2021, was as follows:

	Balances			Balances		
	July 1, 2020	Additions	Deletions	June 30, 2021		
Capital assets not being depreciated						
Land and land improvements	\$ 9,108,394	\$ -	\$ -	\$ 9,108,394		
Construction in progress	816,377	72,854	(816,378)	72,853		
Total capital assets not being depreciated	<u>9,924,771</u>	<u>72,854</u>	<u>(816,378)</u>	<u>9,181,247</u>		
Capital assets being depreciated						
Buildings and improvements	13,697,072	1,372,609	-	15,069,681		
Machinery and equipment	10,422,454	764,398	(537,442)	10,649,410		
Infrastructure	<u>30,467,045</u>	<u>2,124,644</u>	<u>(114,925)</u>	<u>32,476,764</u>		
Total capital assets being depreciated	<u>54,586,571</u>	<u>4,261,651</u>	<u>(652,367)</u>	<u>58,195,855</u>		
Less accumulated depreciation						
Buildings and improvements	8,292,471	284,094	-	8,576,565		
Machinery and equipment	5,819,702	719,982	(442,217)	6,097,467		
Infrastructure	<u>17,654,712</u>	<u>979,102</u>	<u>(114,925)</u>	<u>18,518,889</u>		
Total accumulated depreciation	<u>31,766,885</u>	<u>1,983,178</u>	<u>(557,142)</u>	<u>33,192,921</u>		
Total capital assets being depreciated, net	<u>22,819,686</u>	<u>2,278,473</u>	<u>(95,225)</u>	<u>25,002,934</u>		
<b>Governmental activities capital assets, net</b>	<b><u>\$32,744,457</u></b>	<b><u>\$ 2,351,327</u></b>	<b><u>\$ (911,603)</u></b>	<b><u>\$34,184,181</u></b>		

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Activity for business-type activities for the year ended June 30, 2021, was as follows:

	Balances July 1, 2020	Additions	Deletions	Balances June 30, 2021
Capital assets not being depreciated				
Land	\$ 1,276,358	\$ -	\$ -	\$ 1,276,358
Work in progress	622,539	2,822,219	(2,451,044)	993,714
Total capital assets not being depreciated	<u>1,898,897</u>	<u>2,822,219</u>	<u>(2,451,044)</u>	<u>2,270,072</u>
Capital assets, being depreciated and amortized				
Buildings and improvements	12,772,624	1,080,786	-	13,853,410
Machinery and equipment	31,530,167	1,164,643	(685,627)	32,009,183
Infrastructure	46,810,272	3,033,787	-	49,844,059
Intangible-water rights	1,707,484	-	-	1,707,484
Total capital assets, being depreciated and amortized	<u>92,820,547</u>	<u>5,279,216</u>	<u>(685,627)</u>	<u>97,414,136</u>
Less accumulated depreciation and amortization:				
Buildings and improvements	4,730,612	253,183	-	4,983,795
Machinery and equipment	13,941,194	751,714	(162,088)	14,530,820
Infrastructure	23,271,810	749,173	-	24,020,983
Intangible-water rights	1,390,224	42,777	-	1,433,001
Total accumulated depreciation and amortization	<u>43,333,840</u>	<u>1,796,847</u>	<u>(162,088)</u>	<u>44,968,599</u>
Total capital assets, being depreciated and amortized, net	<u>49,486,707</u>	<u>3,482,369</u>	<u>(523,539)</u>	<u>52,445,537</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$51,385,604</u></b>	<b><u>\$ 6,304,588</u></b>	<b><u>\$ (2,974,583)</u></b>	<b><u>\$54,715,609</u></b>

For the year ended June 30, 2021, depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 506,457
Public safety	210,158
Highways and streets	915,960
Culture and recreation	<u>350,603</u>
	<b><u>\$ 1,983,178</u></b>
Business-type activities	
Light	\$ 891,158
Sewer	282,423
Water	429,496
Surface water management	<u>193,770</u>
	<b><u>\$ 1,796,847</u></b>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – UNAVAILABLE REVENUE**

As of June 30, 2021, resources in the governmental funds which are measurable but unavailable consist of the following:

	Governmental Funds			Totals
	General	Urban Renewal	Nonmajor	
Property taxes	\$ 93,909	\$ 2,651	\$ -	\$ 96,560
Accounts	3,083	-	41,731	44,814
Assessments	-	-	9,131	9,131
	<b><u>\$ 96,992</u></b>	<b><u>\$ 2,651</u></b>	<b><u>\$ 50,862</u></b>	<b><u>\$ 150,505</u></b>

**NOTE 8 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2021, were as follows:

	Balances July 1, 2020	Additions	Reductions	Balances June 30, 2021	Balances Due Within One Year
<u>Governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 989,191	\$ 1,041,919	\$ 989,191	\$ 1,041,919	\$ 1,041,919
Other postemployment benefit liability	1,321,671	225,816	-	1,547,487	-
Net pension liability	<u>22,295,078</u>	-	<u>1,631,332</u>	<u>20,663,746</u>	-
	<b><u>\$24,605,940</u></b>	<b><u>\$ 1,267,735</u></b>	<b><u>\$ 2,620,523</u></b>	<b><u>\$23,253,152</u></b>	<b><u>\$ 1,041,919</u></b>
<u>Business-type activities</u>					
Long-term debt obligations - bonds and loans					
Direct placement					
Capital One Public Financing, LLC	\$ 1,030,000	\$ -	\$ 335,000	\$ 695,000	\$ 345,000
Premium	9,464	-	3,154	6,310	3,155
Columbia State Bank	2,938,000	-	235,000	2,703,000	241,000
Direct borrowing					
US Department of the Interior	880,407	-	41,984	838,423	43,455
Clean Water Services	-	1,016,487	56,528	959,959	93,668
	<u>4,857,871</u>	<u>1,016,487</u>	<u>671,666</u>	<u>5,202,692</u>	<u>726,278</u>
Other long-term obligations					
Compensated absences	403,243	407,533	403,243	407,533	407,533
Other postemployment benefit liability	408,849	-	55,452	353,397	-
Net pension liability	<u>8,989,388</u>	-	<u>82,429</u>	<u>8,906,959</u>	-
	<b><u>\$14,659,351</u></b>	<b><u>\$ 1,424,020</u></b>	<b><u>\$ 1,212,790</u></b>	<b><u>\$14,870,581</u></b>	<b><u>\$ 1,133,811</u></b>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – LONG-TERM OBLIGATIONS (Continued)**

Business-type activities long-term debt obligations

Direct placements

*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%. The City has pledged revenue from timber sales and available water revenues for repayment of this note.

*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%. In the event of default, amounts due under the agreement are not subject to acceleration however, the bank may increase the interest rate 5.0%.

Direct borrowings

*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%.

*Clean Water Services Loan* – The City entered into an agreement with Clean Water Services (CWS) to participate in and inflow and infiltration project. The City’s portion of the costs are to be paid in semi-annual installments of \$56,528, which includes principal and interest at 2.07%. The loan matures in 2030.

As of June 30, 2021, maturities for business-type activities long-term debt obligations for future years ending June 30 are as follows:

Fiscal Year	Capital One Public Financing LLC		US Department of the Interior		Columbia State Bank		Clean Water Services		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 345,000	\$ 19,043	\$ 43,452	\$ 29,345	\$ 241,000	\$ 64,562	\$ 93,668	\$ 19,387	\$ 723,120	\$ 132,337
2023	350,000	9,590	44,972	27,825	247,000	58,463	95,617	17,438	737,589	113,316
2024	-	-	46,546	26,251	253,000	52,213	97,606	15,449	397,152	93,913
2025	-	-	48,176	24,621	260,000	45,800	99,637	13,418	407,813	83,839
2026	-	-	49,862	22,935	266,000	39,225	101,711	11,345	417,573	73,505
2027-2031	-	-	276,741	87,244	1,436,000	91,550	471,720	24,218	2,184,461	203,012
2032-2036	-	-	328,674	35,303	-	-	-	-	328,674	35,303
	<b>\$ 695,000</b>	<b>\$ 28,633</b>	<b>\$ 838,423</b>	<b>\$ 253,524</b>	<b>\$2,703,000</b>	<b>\$ 351,813</b>	<b>\$ 959,959</b>	<b>\$ 101,255</b>	<b>\$5,196,382</b>	<b>\$ 735,225</b>

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.

**NOTE 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.

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, 2021, \$37,940,000 was outstanding. The bonds mature May 1, 2039.

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, 2021, \$29,685,000 was outstanding. The bonds mature May 1, 2045.

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, 2021, \$14,601,455 was outstanding. The bonds mature November 1, 2036.

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, 2021, \$22,880,000 was outstanding. The bonds mature March 1, 2037.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

Plan description

The Plan is a defined benefit pension plan providing retirement benefits to employees of the City hired before February 1, 2016. The Plan is closed to employees hired after February 1, 2016.

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

Plan description (continued)

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

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Plan membership

All full-time employees hired before July 1, 2011, were eligible to participate in the Plan after six months of employment. After July 1, 2011, the Plan was closed to new participants except as follows:

- Full-time employees belonging to the Firefighter’s Association (IFFA), the International Brotherhood of Electrical Workers (IBEW), or the Forest Grove Police Association (FGPA) hired after July 1, 2011, but before February 1, 2016.
- As of July 1, 2012, full-time non-certified members of the FGPA hired on or after July 1, 2012, were no longer 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, 2021, plan membership consisted of 115 retirees and beneficiaries, 29 vested terminated participants, 2 nonvested terminated participants, and 77 active participants.

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% 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% to 93% 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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 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.

Contributions

The City is required by the Plan’s provisions to pay the employees’ contribution to the Plan of 7% of covered salaries (6% 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 totaled \$4,220,032 for the year ended June 30, 2021.

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

As of June 30, 2021, the City reported a net pension liability of \$28,415,470. The net pension liability was measured as of June 30, 2021, 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	\$ 97,167,624
Plan fiduciary net position	<u>68,752,154</u>
<b>Net pension liability</b>	<b><u>\$ 28,415,470</u></b>

Fiduciary net position as a percentage of total pension liability	70.76%
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For the year ended June 30, 2021, changes in the net pension liability are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning balances	\$ 82,936,410	\$ 52,550,049	\$ 30,386,361
Changes for the year:			
Service cost	1,397,393	-	1,397,393
Interest on total pension liability	4,977,413	-	4,977,413
Effect of economic/demographic losses	1,078,808	-	1,078,808
Effect of assumption changes or inputs	9,531,439	-	9,531,439
Benefit payments	(2,753,839)	(2,753,839)	-
Administrative expenses	-	(86,851)	86,851
Net investment income	-	14,822,763	(14,822,763)
Employer contributions	-	<u>4,220,032</u>	<u>(4,220,032)</u>
<b>Ending balances</b>	<b><u>\$97,167,624</u></b>	<b><u>\$68,752,154</u></b>	<b><u>\$28,415,470</u></b>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Net pension liability, changes in net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$4,641,060. As of June 30, 2021, 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	\$ 663,882	\$ 169,795
Change of assumptions or inputs	5,865,501	2,120
Net difference between projected and actual earnings on pension plan investments	<u>                  –</u>	<u>9,084,587</u>
	<b><u>\$ 6,529,383</u></b>	<b><u>\$ 9,256,502</u></b>

As of June 30, 2021, amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense during future years ending June 30 as follows:

2022	\$ 1,480,596
2023	166,655
2024	(2,048,694)
2025	<u>(2,325,676)</u>
	<b><u>\$ (2,727,119)</u></b>

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.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial valuation (Continued)

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 2.5% each year.

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
Inflation rate	2.0%
Long-term expected rate of return	6.0%
Discount rate	6.0%
Amortization method	Closed 15-year amortization, payments increasing 2.5% per year
Asset valuation method	market value of assets
Projected salary increases	Salaries for individuals are assumed to grow at 3.75% per year
Mortality	<b>Healthy retirees and beneficiaries:</b> Pub-2010 sex-distinct, generational per Unisex Social Security Data Scale, with job class adjustments and setbacks <b>Participants with disabilities:</b> Pub-2010 sex distinct, generational per 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 pension liability was 6.00%. 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 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 investments for the Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)**

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% 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

Since the actuarial date of July 1, 2020, the discount rate was lowered from 6.00% to 5.25%, the mortality improvement scale was changed from the 2015 Unisex Social Security Data Scale to the 2017 Unisex Social Security Data Scale, consistent with the mortality assumptions used in the Valuation for the Oregon Public Employees Retirement System as of December 31, 2020, and the administrative expense assumption was increased using the inflation assumption from \$70,000 to \$72,000.

Sensitivity of the City’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%, 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%) or 1-percentage-point higher (7%) 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	\$43,246,262	\$28,415,470	\$16,344,613

**NOTE 11 – DEFINED CONTRIBUTION PLAN**

The City sponsors a defined contribution plan known as the City of Forest Grove Defined Contribution 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% of an employee's base salary to DC Plan plus an additional 2% to DC Plan if the individual employee contributes at least 2% 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% vested to the employee.

Contributions to the DC Plan for the year ended June 30, 2021, totaled \$349,180.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN - OPERS**

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.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

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/2020-CAFR.pdf](http://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf).

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% 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.

*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.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

*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% 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.

*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% 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% of the member's salary determined as of the last full month of employment before the disability occurred.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

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

*Benefit changes after retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

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 actuarial valuation as of December 31, 2017.

Tier One/Tier Two employer contribution rates are 18.69% and the OPSRP employer contribution rates are 14.90% for public safety employees. Employer contributions totaled \$408,334 for the year ended June 30, 2021.

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

*Net pension liability*

As of June 30, 2021, the City reported a liability of \$1,155,235 for its proportionate share of the net pension liability. 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. 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.

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.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

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.

As of June 30, 2020, the City's proportion was 0.00529354%, which was an increase of 0.00010147% from its proportion measured as of June 30, 2019.

*Pension expense*

For the year ended June 30, 2021, the City recognized pension expense of \$436,324.

*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, 2020, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to measurement date

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, 2020 - 5.3 years
- 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

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

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

As of June 30, 2021, 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	\$ 50,844	\$ -
Change of assumptions	61,998	2,171
Net difference between projected and actual earnings on pension plan investments	135,840	-
Changes in proportionate share	317,274	353
Difference between contributions and proportionate share of system contributions	171,868	-
Contributions subsequent to the measurement date	<u>301,263</u>	<u>-</u>
	<u>\$ 1,039,087</u>	<u>\$ 2,524</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$301,263 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

As of 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 for future years ending June 30 as follows:

2023	\$ 228,271
2024	239,371
2025	177,950
2026	82,778
2027	<u>6,930</u>
	<u>\$ 735,300</u>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

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

The total pension liability measured as of June 30, 2020, was based on an actuarial valuation as of December 31, 2018, using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	7.2%
Discount rate	7.2%
Administrative expenses – Tier One/Tier Two	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.5%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><b>Healthy retirees and beneficiaries:</b> Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ended December 31, 2018.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability (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%. 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*

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Risk parity	2.50%
Total	100.00%

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

*Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2019 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

<b>Long-Term Expected Rate of Return <sup>1</sup></b>				
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return <sup>2</sup></b>	<b>20-Year Annualized Geometric Mean</b>	<b>Annual Standard Deviation</b>
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

<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.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN – OPERS (Continued)**

Actuarial methods and assumptions used in developing contribution rates and total pension liability (Continued)

*Depletion date projection*

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

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% 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.

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%, 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%) or 1-percentage-point higher (8.2%) 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	\$ 1,715,425	\$ 1,155,235	\$ 685,485

**NOTE 13 – DEFINED CONTRIBUTION PLAN - OPERS**

Plan description

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

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions totaled \$93,263 for the year ended June 30, 2021.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

City of Forest Grove Other Postemployment Benefits Plan

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.

Plan membership

As of July 1, 2020, there were 140 active employees, 5 eligible retirees, and 1 spouse of eligible retirees for a total of 146 plan members.

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	\$	733
For spouses of retirees		804

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

As of June 30, 2021, the City reported a total OPEB liability of \$1,396,866. The total OPEB liability was measured as of June 30, 2020, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at June 30, 2020	\$ 1,730,520
Changes for the year:	
Service cost	118,255
Interest	63,352
Effect of economic/demographic gains or losses	(400,208)
Changes in assumptions or other inputs	(36,953)
Benefit payments	(78,100)
Balances at June 30, 2021	\$ 1,396,866

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

City of Forest Grove Other Postemployment Benefits Plan (Continued)

For the year ended June 30, 2021, the City recognized an OPEB expense of \$83,764. As of June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 373,794
Changes of assumptions	38,357	280,298
Benefit payments	<u>62,091</u>	<u>-</u>
	<u>\$ 100,448</u>	<u>\$ 654,092</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 \$62,091 will be recognized as an adjustment to the total OPEB liability in the year ending June 30, 2022.

As of June 30, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2022	\$ (97,844)
2023	(97,844)
2024	(97,844)
2025	(97,844)
2026	(93,953)
Thereafter	<u>(130,406)</u>
	<u>\$ (615,735)</u>

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

City of Forest Grove Other Postemployment Benefits Plan (Continued)

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.

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

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

Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.5%.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

City of Forest Grove Other Postemployment Benefits Plan (Continued)

Healthcare cost trend rate

As of June 30, 2021, the assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2020	3.75%
2021	5.75%
2022	5.25%
2023-2025	5.00%
2026-2040	4.75%
2041-2049	5.00%
2050-2064	4.75%
2065-2067	4.50%
2068-2071	4.25%
2072+	4.00%

Dental costs are assumed to increase 4.50% in all future years.

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

The following presents the City’s total OPEB liability calculated using the discount rate of 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 1,497,947	\$ 1,396,866	\$ 1,302,349
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 1,261,944	\$ 1,396,866	\$ 1,554,150

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Northwest Firefighters Relief Association Health Trust

Plan description and benefits provided

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

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

Contributions

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

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

As of June 30, 2021, the City reported a liability of \$504,018 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2021. As of June 30, 2021, the City's proportion was 2.245% which was the same at the prior measurement date.

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

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Northwest Firefighters Relief Association Health Trust (Continued)

For the year ended June 30, 2021, the City recognized an OPEB expense of \$59,160. As of June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 7,097	\$ 11,510
Changes of assumptions	199,525	-
Changes in proportionate share	<u>-</u>	<u>18,506</u>
	<u>\$ 206,622</u>	<u>\$ 30,016</u>

As of June 30, 2021, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years ending June 30 as follows:

2022	\$	16,936
2023		16,936
2024		16,936
2025		16,936
2026		16,936
Thereafter		<u>91,926</u>
	<u>\$</u>	<u>176,606</u>

Actuarial assumptions

The total OPEB liability in the actuarial valuation as of June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Discount Rate	2.16%
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Northwest Firefighters Relief Association Health Trust (Continued)

The 2.16% discount rate assumption is the rate as of June 30, 2020, in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2019 actuarial valuation of the Oregon Public Employees Retirement System for Police and Fire employees.

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

The following presents the City’s proportionate share of the total OPEB liability, as well as what the City’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 549,706	\$ 504,018	\$ 461,850
	1-Percentage Point Lower	Current Discount Rate	1-Percentage Point Higher
City's total OPEB liability	\$ 440,236	\$ 504,018	\$ 579,797

**NOTE 15 – JOINT VENTURES AND INTERGOVERNMENTAL AGREEMENTS**

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% interest in the Joint Water Commission. The City's investment in the Commission at June 30, 2021, is \$6,038,894. 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.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 15 – JOINT VENTURES AND INTERGOVERNMENTAL AGREEMENTS (Continued)**

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% 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.

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% interest in the reservoir. The City's investment in the Commission was \$535,920 at June 30, 2021. 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.

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% of sewer service charges collected, 20% of connection charges collected, and 75% 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 was \$5,355,893 for the year ended June 30, 2021. The amount due to and payable to CWS was \$675,667 at June 30, 2021.

**NOTE 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, 2021, the City had outstanding commitments of up to \$315,360.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 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.

**NOTE 18 – INTERFUND TRANSFERS AND BALANCES**

	Transfers	
	In	Out
General	\$ 1,553,220	\$ -
Nonmajor governmental	374,500	554,918
Light	-	1,164,613
Sewer	-	86,673
Water	-	329,522
Surface water management	-	62,787
Internal service funds	310,793	40,000
	<b><u>\$ 2,238,513</u></b>	<b><u>\$ 2,238,513</u></b>

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 \$318,690, including interest at 2.00%, and one annual payment of \$312,442. At June 30, 2021, the balance is \$1,502,134.

**CITY OF FOREST GROVE**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 19 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION**

As of June 30, 2021, 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	\$ 14,786,762
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Park acquisition and development	3,267,693
Trail system sponsorship is restricted for trail construction or maintenance	37,776
Governmental activities – tourism	
City transient lodging tax is restricted for tourism	152,601
Business-type activities – capital projects	
System development charges (SDC) are restricted for the purposes as specified in the implementing ordinances:	
Sewer system improvement and expansion	1,223,250
Water system improvement and expansion	7,187,337
Surface water management system improvement and expansion	447,621

**NOTE 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, 2021, have been reduced by \$452,000.

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, 2021, 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 nonresidential uses in areas well served by transit services. As a result, the property taxes that the City received for the year ended June 30, 2021, have been reduced by \$12,600.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FOREST GROVE**  
**SCHEDULE OF NET PENSION LIABILITY AND**  
**CHANGES IN NET PENSION LIABILITY**  
**Last Ten Plan Years Ended June 30, \***

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Beginning of year</b>								
Total pension liability	\$ 82,936,410	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326	\$ 42,881,808
Fiduciary net position	52,550,049	49,168,874	43,821,273	39,971,500	35,434,205	34,146,282	34,577,249	29,632,905
<b>Net pension liability</b>	<b>\$ 30,386,361</b>	<b>\$ 30,490,016</b>	<b>\$ 32,668,918</b>	<b>\$ 29,259,419</b>	<b>\$ 27,642,676</b>	<b>\$ 23,596,151</b>	<b>\$ 12,618,077</b>	<b>\$ 13,248,903</b>
<b>Changes in total pension liability</b>								
Service cost	\$ 1,397,393	\$ 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	4,977,413	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	1,078,808	(494,775)	(503,546)	(844,964)	617,091	32,324	(224,525)	269,909
Effect of assumption changes or inputs	9,531,439	-	(65,735)	4,987,257	2,039,393	1,829,323	7,846,254	1,342,042
Benefit payments	(2,753,839)	(2,470,076)	(2,296,044)	(2,709,084)	(2,041,694)	(1,784,224)	(1,691,335)	(1,491,704)
<b>Net change in total pension liability</b>	<b>\$ 14,231,214</b>	<b>\$ 3,277,520</b>	<b>\$ 3,168,699</b>	<b>\$ 7,259,272</b>	<b>\$ 6,154,038</b>	<b>\$ 5,334,448</b>	<b>\$ 10,547,107</b>	<b>\$ 4,313,518</b>
<b>Changes in fiduciary net position</b>								
Employer contributions	\$ 4,220,032	\$ 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	14,822,763	1,618,118	3,840,347	3,346,917	3,917,965	1,140,618	(674,943)	4,626,488
Benefit payments	(2,753,839)	(2,470,076)	(2,296,044)	(2,709,084)	(2,041,694)	(1,784,224)	(1,691,335)	(1,491,704)
Administrative expenses	(86,851)	(63,632)	(75,104)	(86,736)	(115,315)	(169,893)	(62,658)	(85,594)
<b>Net change in fiduciary net position</b>	<b>\$ 16,202,105</b>	<b>\$ 3,381,175</b>	<b>\$ 5,347,601</b>	<b>\$ 3,849,773</b>	<b>\$ 4,537,295</b>	<b>\$ 1,287,923</b>	<b>\$ (430,967)</b>	<b>\$ 4,944,344</b>
<b>End of year</b>								
Total pension liability	\$ 97,167,624	\$ 82,936,410	\$ 79,658,890	\$ 76,490,191	\$ 69,230,919	\$ 63,076,881	\$ 57,742,433	\$ 47,195,326
Fiduciary net position	68,752,154	52,550,049	49,168,874	43,821,273	39,971,500	35,434,205	34,146,282	34,577,249
<b>Net pension liability</b>	<b>\$ 28,415,470</b>	<b>\$ 30,386,361</b>	<b>\$ 30,490,016</b>	<b>\$ 32,668,918</b>	<b>\$ 29,259,419</b>	<b>\$ 27,642,676</b>	<b>\$ 23,596,151</b>	<b>\$ 12,618,077</b>
Fiduciary net position as a percent of total pension liability	70.8%	63.4%	61.7%	57.3%	57.7%	56.2%	59.1%	73.3%
Covered payroll	\$ 7,103,253	\$ 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	400.0%	401.8%	393.9%	432.5%	342.3%	320.8%	270.8%	146.4%

\* 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 EMPLOYER CONTRIBUTIONS (in thousands)**  
**RETIREMENT PLAN OF CITY OF FOREST GROVE**  
**Last Ten Fiscal Years Ended June 30, \***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 4,208	\$ 4,274	\$ 3,853	\$ 3,525	\$ 2,707	\$ 2,094	\$ 1,987	\$ 1,888	\$ 1,763	\$ 1,731
Actual employer contribution	4,220	4,297	3,878	3,299	2,776	2,101	1,998	1,895	1,762	1,731
Contribution deficiency (excess)	(12)	(23)	(25)	226	(69)	(7)	(11)	(7)	1	-
Covered payroll	7,191	7,562	7,740	7,553	8,548	8,616	8,715	8,619	8,559	8,570
Contribution as a percent of covered payroll	58.70%	56.82%	50.10%	43.68%	32.48%	24.38%	22.93%	21.99%	20.59%	20.20%
Valuation date	7/1/2019	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
Assumed investment rate of return	6.00%	6.00%	6.50%	6.75%	6.75%	7.25%	7.25%	7.25%	7.25%	7.50%

**NOTES TO SCHEDULE**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal, level percent 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, 2019: Pub-2010 Sex-distinct, generational per Unisex Social Security Data Scale, with cjob class adjustments and setbacks  Effective July 1, 2017: RP-2014 Sex-distinct, generational per Unisex Social Security Data Scale, with collar adjustments and setbacks Effective July 1, 2015: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and setbacks Effective July 1, 2011: Healthy Combined RP-2000 mortality projected by Scale AA to 2005 Effective July 1, 2010: Healthy Combined RP-2000 mortality
Cost of living increases	2 percent per year
Salary increases	Effective July 1, 2015: 3.75 percent per year Effective July 1, 2011: 4.5 percent per year Effective July 1, 2010: 5 percent per year

**CITY OF FOREST GROVE**  
**SCHEDULE OF INVESTMENT RATE OF RETURN**  
**LAST TEN FISCAL YEARS**

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<u>Year Ended June 30,</u>	<u>Rate of Return</u>
2021	27.93%
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%

**CITY OF FOREST GROVE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**Last Ten Plan Years Ended June 30, \***

<b>Year Ended June 30,</b>	<b>Proportion of the net pension liability (asset)</b>	<b>Proportionate share of the net pension liability (asset)</b>	<b>Covered payroll</b>	<b>Proportionate share of the net pension liability (asset) as a percentage of covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2020	0.00529354%	\$ 1,155,235	\$ 3,044,966	38%	80%
2019	0.00519207%	898,105	2,145,904	42%	80%
2018	0.00234040%	354,540	1,275,279	28%	82%
2017	0.00638400%	8,607	363,955	2%	83%
2016	0.00076680%	11,512	20,240	57%	81%

\* 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 Ended \***

<b>Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percent of covered payroll</b>
2021	\$ 301,263	\$ 301,263	\$ -	\$ 4,969,891	6.06%
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 TOTAL OTHER**  
**POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS**  
**Last Ten Plan Years Ended June 30, \***

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 118,255	\$ 105,672	\$ 120,349	\$ 128,201
Interest on total OPEB liability	63,352	63,651	66,273	52,872
Effect of changes to benefit terms	-	-	-	-
Effect of economic/demographic gains or losses	(400,208)	-	(34,389)	-
Effect of assumptions changes or inputs	(36,953)	49,980	(286,905)	(112,965)
Benefit payments	(78,100)	(55,133)	(59,126)	(69,377)
Net change in total OPEB liability	(333,654)	164,170	(193,798)	(1,269)
Total OPEB liability - beginning of year	1,730,520	1,566,350	1,760,148	1,761,417
<b>Total OPEB liability - end of year</b>	<b>\$ 1,396,866</b>	<b>\$ 1,730,520</b>	<b>\$ 1,566,350</b>	<b>\$ 1,760,148</b>
Covered employee payroll	\$ 10,920,240	\$ 10,359,910	\$ 10,724,811	\$ 12,729,783
Total OPEB liability as a percentage of covered employee payroll	12.79%	16.70%	14.60%	13.83%

**NOTES TO SCHEDULE**

\* 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.

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

**CITY OF FOREST GROVE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT**  
**BENEFITS LIABILITY - NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION HEALTH TRUST**  
**Last Ten Plan Years Ended June 30, \***

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<u>Year Ended June 30,</u>	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered employee payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2021	2.2450%	\$ 504,017	\$ 1,724,274	0.292306791	0%

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

**CITY OF FOREST GROVE**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS**  
**NORTHWEST FIREFIGHTERS RELIEF ASSOCIATION HEALTH TRUST**  
**Last Ten Fiscal Years Ended \***

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<b>Year Ended June 30,</b>	<b>Statutorily required contribution</b>	<b>Contributions in relation to the statutorily required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Covered employee payroll</b>	<b>Contributions as a percent of covered employee payroll</b>
2021	\$ 236,879	\$ 236,879	\$ -	\$ 1,724,274	13.74%

\* 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.

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**COMBINING FINANCIAL STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES**

**CITY OF FOREST GROVE**  
**TRANSPORTATION DEVELOPMENT TAX - CAPITAL PROJECTS FUND (MAJOR FUND)**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Other local taxes	\$ 650,000	\$ 1,052,103	\$ 402,103
Interest	85,000	146,838	61,838
	<u>735,000</u>	<u>1,198,941</u>	<u>463,941</u>
<b>Expenditures</b>			
Capital outlay	<u>12,551,588</u>	-	<u>12,551,588</u>
Net change in fund balance	(11,816,588)	1,198,941	13,015,529
Fund balance at beginning of year	<u>11,816,588</u>	<u>11,936,545</u>	<u>119,957</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 13,135,486</u>	<u>\$ 13,135,486</u>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2021**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent Library Endowment</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,559,795	\$ 3,981,220	\$ 29,690	\$ 6,570,705
Investments	2,183,848	3,432,585	25,614	5,642,047
Accrued interest receivable	5,540	7,230	54	12,824
Receivables	73,356	2,837,774	-	2,911,130
Due from other funds	-	1,502,134	-	1,502,134
<b>Total assets</b>	<b>\$ 4,822,539</b>	<b>\$ 11,760,943</b>	<b>\$ 55,358</b>	<b>\$ 16,638,840</b>
<b>Liabilities, deferred inflows and fund balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 152,609	\$ 175,055	\$ -	\$ 327,664
Due to other funds	-	2,173,247	-	2,173,247
Consumer deposits	9,495	-	-	9,495
<b>Total liabilities</b>	<b>162,104</b>	<b>2,348,302</b>	<b>-</b>	<b>2,510,406</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	9,131	41,731	-	50,862
<b>Total deferred inflows of resources</b>	<b>9,131</b>	<b>41,731</b>	<b>-</b>	<b>50,862</b>
<b>Fund balances</b>				
Nonspendable	-	-	41,186	41,186
<b>Restricted for:</b>				
Building operations	4,415,741	-	-	4,415,741
Capital projects	37,776	4,959,332	-	4,997,108
Community enhancement	42,837	-	-	42,837
Tourism	152,601	-	-	152,601
Other	-	-	14,172	14,172
<b>Committed for:</b>				
Highways and streets	28,033	-	-	28,033
Capital projects	-	629,105	-	629,105
<b>Assigned for:</b>				
Capital projects	-	3,782,473	-	3,782,473
Unassigned	(25,684)	-	-	(25,684)
<b>Total fund balances</b>	<b>4,651,304</b>	<b>9,370,910</b>	<b>55,358</b>	<b>14,077,572</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,822,539</b>	<b>\$ 11,760,943</b>	<b>\$ 55,358</b>	<b>\$ 16,638,840</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Library Endowment</u>	<u>Total</u>
<b>Revenues</b>				
Other local taxes	\$ 84,144	\$ -	\$ -	\$ 84,144
Licenses, permits and fees	2,362,482	383,301	-	2,745,783
Charges for services	593	-	-	593
Donations	700	434,609	10,000	445,309
System development charges	-	718,398	-	718,398
Intergovernmental	205,470	3,076,201	-	3,281,671
Interest	14,405	65,219	119	79,743
Miscellaneous	-	10,000	-	10,000
	<u>2,667,794</u>	<u>4,687,728</u>	<u>10,119</u>	<u>7,365,641</u>
<b>Expenditures</b>				
Current				
General government	1,166,115	-	-	1,166,115
Public safety	-	809	-	809
Highways and streets	161,415	179	-	161,594
Culture and recreation	3,309	-	-	3,309
Capital outlay	6,747	5,390,771	-	5,397,518
	<u>1,337,586</u>	<u>5,391,759</u>	<u>-</u>	<u>6,729,345</u>
Excess (deficiency) of revenues over expenditures	<u>1,330,208</u>	<u>(704,031)</u>	<u>10,119</u>	<u>636,296</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	374,500	-	374,500
Transfers out	(240,938)	(313,980)	-	(554,918)
	<u>(240,938)</u>	<u>60,520</u>	<u>-</u>	<u>(180,418)</u>
Net change in fund balances	1,089,270	(643,511)	10,119	455,878
Fund balances at beginning of year	<u>3,562,034</u>	<u>10,014,421</u>	<u>45,239</u>	<u>13,621,694</u>
<b>Fund balance at end of year</b>	<b><u>\$ 4,651,304</u></b>	<b><u>\$ 9,370,910</u></b>	<b><u>\$ 55,358</u></b>	<b><u>\$ 14,077,572</u></b>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2021**

	<b>Building Permits</b>	<b>Street Tree</b>	<b>Forfeiture Sharing</b>	<b>Assessment</b>	<b>Trail Systems</b>	<b>Transportation Services</b>	<b>Community Enhancement</b>	<b>Public Arts Donations</b>	<b>Transient Lodging Tax</b>	<b>Total</b>
<b>Assets</b>										
Cash and cash equivalents	\$ 2,385,538	\$ 15,048	\$ 5,083	\$ -	\$ 20,264	\$ 28,868	\$ 13,705	\$ 9,280	\$ 82,009	\$ 2,559,795
Investments	2,058,502	12,958	4,382	-	17,475	-	11,810	8,000	70,721	2,183,848
Accrued interest receivable	4,336	27	9	940	37	-	25	17	149	5,540
Receivables	-	-	-	8,191	-	55,501	-	-	9,664	73,356
<b>Total assets</b>	<b>\$ 4,448,376</b>	<b>\$ 28,033</b>	<b>\$ 9,474</b>	<b>\$ 9,131</b>	<b>\$ 37,776</b>	<b>\$ 84,369</b>	<b>\$ 25,540</b>	<b>\$ 17,297</b>	<b>\$ 162,543</b>	<b>\$ 4,822,539</b>
<b>Liabilities, deferred inflows and fund balances</b>										
Liabilities										
Accounts payable and accrued liabilities	\$ 32,635	\$ -	\$ -	\$ -	\$ -	\$ 110,032	\$ -	\$ -	\$ 9,942	\$ 152,609
Consumer deposits	-	-	9,495	-	-	-	-	-	-	9,495
Total liabilities	32,635	-	9,495	-	-	110,032	-	-	9,942	162,104
Deferred inflows of resources										
Unavailable revenue	-	-	-	9,131	-	-	-	-	-	9,131
Total deferred inflows of resources	-	-	-	9,131	-	-	-	-	-	9,131
Fund balances										
Restricted for:										
Building operations	4,415,741	-	-	-	-	-	-	-	-	4,415,741
Capital projects	-	-	-	-	37,776	-	-	-	-	37,776
Community enhancement	-	-	-	-	-	-	25,540	17,297	-	42,837
Tourism	-	-	-	-	-	-	-	-	152,601	152,601
Committed for:										
Highways and streets	-	28,033	-	-	-	-	-	-	-	28,033
Unassigned	-	-	(21)	-	-	(25,663)	-	-	-	(25,684)
Total fund balances	4,415,741	28,033	(21)	-	37,776	(25,663)	25,540	17,297	152,601	4,651,304
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,448,376</b>	<b>\$ 28,033</b>	<b>\$ 9,474</b>	<b>\$ 9,131</b>	<b>\$ 37,776</b>	<b>\$ 84,369</b>	<b>\$ 25,540</b>	<b>\$ 17,297</b>	<b>\$ 162,543</b>	<b>\$ 4,822,539</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
Year Ended June 30, 2021

	<b>Building Permits</b>	<b>Street Tree</b>	<b>Forfeiture Sharing</b>	<b>Trail Systems</b>	<b>Transportation Services</b>	<b>Community Enhancement</b>	<b>Public Arts Donation</b>	<b>Transient Lodging Tax</b>	<b>Total</b>
<b>Revenues</b>									
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,144	\$ 84,144
Licenses, permits and fees	2,348,853	13,629	-	-	-	-	-	-	2,362,482
Charges for services	593	-	-	-	-	-	-	-	593
Donations	-	-	-	-	-	-	700	-	700
Intergovernmental	-	-	-	-	105,137	100,333	-	-	205,470
Interest	14,114	-	-	-	-	-	-	291	14,405
<b>Total revenues</b>	<b>2,363,560</b>	<b>13,629</b>	<b>-</b>	<b>-</b>	<b>105,137</b>	<b>100,333</b>	<b>700</b>	<b>84,435</b>	<b>2,667,794</b>
<b>Expenditures</b>									
Current									
General government	994,042	-	45	-	-	101,708	-	70,320	1,166,115
Highways and streets	-	30,615	-	-	130,800	-	-	-	161,415
Culture and recreation	-	-	-	177	-	-	3,132	-	3,309
Capital outlay	-	-	-	-	-	-	-	6,747	6,747
<b>Total expenditures</b>	<b>994,042</b>	<b>30,615</b>	<b>45</b>	<b>177</b>	<b>130,800</b>	<b>101,708</b>	<b>3,132</b>	<b>77,067</b>	<b>1,337,586</b>
Excess (deficiency) of revenues over expenditures	1,369,518	(16,986)	(45)	(177)	(25,663)	(1,375)	(2,432)	7,368	1,330,208
<b>Other financing sources (uses)</b>									
Transfers out	(231,938)	(1,000)	-	-	-	(8,000)	-	-	(240,938)
<b>Total other financing sources (uses)</b>	<b>(231,938)</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,000)</b>	<b>-</b>	<b>-</b>	<b>(240,938)</b>
Net change in fund balances	1,137,580	(17,986)	(45)	(177)	(25,663)	(9,375)	(2,432)	7,368	1,089,270
Fund balances at beginning of year	3,278,161	46,019	24	37,953	-	34,915	19,729	145,233	3,562,034
<b>Fund balance at end of year</b>	<b>\$ 4,415,741</b>	<b>\$ 28,033</b>	<b>\$ (21)</b>	<b>\$ 37,776</b>	<b>\$ (25,663)</b>	<b>\$ 25,540</b>	<b>\$ 17,297</b>	<b>\$ 152,601</b>	<b>\$ 4,651,304</b>

**CITY OF FOREST GROVE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2021**

	Traffic Impact	Bike and Pedestrian Pathways	Park Acquisition and Development	Capital Projects	Facility Major Maintenance	CIP Excise	Fire Equipment Replacement	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 903,722	\$ 22,709	\$ 1,752,944	\$ -	\$ 979,252	\$ 154,032	\$ 168,561	\$ 3,981,220
Investments	778,685	19,604	1,511,565	-	844,476	132,830	145,425	3,432,585
Accrued interest receivable	1,640	41	3,184	-	1,779	280	306	7,230
Receivables	-	-	-	2,726,364	-	41,731	69,679	2,837,774
Due from other funds	-	-	-	1,502,134	-	-	-	1,502,134
<b>Total assets</b>	<b>\$ 1,684,047</b>	<b>\$ 42,354</b>	<b>\$ 3,267,693</b>	<b>\$ 4,228,498</b>	<b>\$ 1,825,507</b>	<b>\$ 328,873</b>	<b>\$ 383,971</b>	<b>\$ 11,760,943</b>
<b>Liabilities, deferred inflows and fund balances</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 34,762	\$ -	\$ -	\$ 80,755	\$ 17,530	\$ 25,741	\$ 16,267	\$ 175,055
Due to other funds	-	-	-	2,173,247	-	-	-	2,173,247
Total liabilities	34,762	-	-	2,254,002	17,530	25,741	16,267	2,348,302
<b>Deferred inflows of resources</b>								
Unavailable revenue	-	-	-	-	-	41,731	-	41,731
Total deferred inflows of resources	-	-	-	-	-	41,731	-	41,731
<b>Fund balances</b>								
Restricted for capital projects	1,649,285	42,354	3,267,693	-	-	-	-	4,959,332
Committed for capital projects	-	-	-	-	-	261,401	367,704	629,105
Assigned for capital projects	-	-	-	1,974,496	1,807,977	-	-	3,782,473
Total fund balances	1,649,285	42,354	3,267,693	1,974,496	1,807,977	261,401	367,704	9,370,910
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,684,047</b>	<b>\$ 42,354</b>	<b>\$ 3,267,693</b>	<b>\$ 4,228,498</b>	<b>\$ 1,825,507</b>	<b>\$ 328,873</b>	<b>\$ 383,971</b>	<b>\$ 11,760,943</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**Year Ended June 30, 2021**

	<b>Traffic Impact</b>	<b>Bike and Pedestrian Pathways</b>	<b>Park Acquisition and Development</b>	<b>Capital Projects</b>	<b>Facility Major Maintenance</b>	<b>CIP Excise</b>	<b>Fire Equipment Replacement</b>	<b>Total</b>
<b>Revenues</b>								
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,301	\$ -	\$ 383,301
Donations	-	-	407,009	27,600	-	-	-	434,609
System development charges	-	-	718,398	-	-	-	-	\$ 718,398
Intergovernmental	-	18,216	-	2,949,546	-	-	108,439	3,076,201
Interest	7,994	-	2,887	48,336	5,896	106	-	65,219
Miscellaneous	-	-	-	-	-	-	10,000	10,000
<b>Total revenues</b>	<u>7,994</u>	<u>18,216</u>	<u>1,128,294</u>	<u>3,025,482</u>	<u>5,896</u>	<u>383,407</u>	<u>118,439</u>	<u>4,687,728</u>
<b>Expenditures</b>								
Current								
Public safety	-	-	-	-	-	-	809	809
Highways and streets	-	179	-	-	-	-	-	179
Capital outlay	511,483	-	1,110,884	3,429,444	59,099	101,744	178,117	5,390,771
<b>Total expenditures</b>	<u>511,483</u>	<u>179</u>	<u>1,110,884</u>	<u>3,429,444</u>	<u>59,099</u>	<u>101,744</u>	<u>178,926</u>	<u>5,391,759</u>
Excess (deficiency) of revenues over expenditures	(503,489)	18,037	17,410	(403,962)	(53,203)	281,663	(60,487)	(704,031)
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	192,000	-	-	182,500	374,500
Transfers out	-	-	-	-	-	(313,980)	-	(313,980)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,000</u>	<u>-</u>	<u>(313,980)</u>	<u>182,500</u>	<u>60,520</u>
Net change in fund balances	(503,489)	18,037	17,410	(211,962)	(53,203)	(32,317)	122,013	(643,511)
Fund balances at beginning of year	2,152,774	24,317	3,250,283	2,186,458	1,861,180	293,718	245,691	10,014,421
<b>Fund balance at end of year</b>	<u>\$ 1,649,285</u>	<u>\$ 42,354</u>	<u>\$ 3,267,693</u>	<u>\$ 1,974,496</u>	<u>\$ 1,807,977</u>	<u>\$ 261,401</u>	<u>\$ 367,704</u>	<u>\$ 9,370,910</u>

**CITY OF FOREST GROVE**  
**BUILDING PERMITS - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 1,054,445	\$ 2,348,853	\$ 1,294,408
Charges for services	300	593	293
Interest	<u>25,000</u>	<u>33,701</u>	<u>8,701</u>
 Total revenues	 <u>1,079,745</u>	 <u>2,383,147</u>	 <u>1,303,402</u>
<b>Expenditures</b>			
Building permit services	1,047,156	994,042	53,114
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>
 Total expenditures	 <u>1,067,156</u>	 <u>994,042</u>	 <u>73,114</u>
 Excess (deficiency) of revenues over expenditures	 <u>12,589</u>	 <u>1,389,105</u>	 <u>1,376,516</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(231,938)</u>	<u>(231,938)</u>	<u>-</u>
 Net change in fund balance	 (219,349)	 1,157,167	 1,376,516
 Fund balance at beginning of year	 <u>3,028,500</u>	 <u>3,270,621</u>	 <u>242,121</u>
 <b>Fund balance at end of year</b>	 <b><u>\$ 2,809,151</u></b>	 <b><u>\$ 4,427,788</u></b>	 <b><u>\$ 1,618,637</u></b>

**CITY OF FOREST GROVE**  
**STREET TREE - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 27,000	\$ 13,629	\$ (13,371)
Interest	-	7	7
	<u>27,000</u>	<u>13,636</u>	<u>(13,364)</u>
<b>Expenditures</b>			
Materials and services	<u>64,516</u>	<u>30,471</u>	<u>34,045</u>
	<u>64,516</u>	<u>30,471</u>	<u>34,045</u>
Excess (deficiency) of revenues over expenditures	<u>(37,516)</u>	<u>(16,835)</u>	<u>20,681</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balance	(38,516)	(17,835)	20,681
Fund balance at beginning of year	<u>38,516</u>	<u>45,913</u>	<u>7,397</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 28,078</u></b>	<b><u>\$ 28,078</u></b>

**CITY OF FOREST GROVE**  
**FOREFEITURE SHARING - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

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	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Expenditures</b>			
Materials and services	360	-	360
Total expenditures	360	-	360
Net change in fund balance	(360)	-	360
Fund balance at beginning of year	360	-	(360)
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF FOREST GROVE**  
**TRAIL SYSTEM - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Interest	\$ 30	\$ -	\$ (30)
Total revenues	<u>30</u>	<u>-</u>	<u>(30)</u>
<b>Expenditures</b>			
Materials and services	<u>37,926</u>	<u>-</u>	<u>37,926</u>
Total expenditures	<u>37,926</u>	<u>-</u>	<u>37,926</u>
Net change in fund balance	(37,896)	-	37,896
Fund balance at beginning of year	<u>37,896</u>	<u>37,866</u>	<u>(30)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 37,866</u></b>	<b><u>\$ 37,866</u></b>

**CITY OF FOREST GROVE**  
**TRANSPORTATION SERVICES - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 550,000	\$ 105,137	\$ (444,863)
Total revenues	<u>550,000</u>	<u>105,137</u>	<u>(444,863)</u>
<b>Expenditures</b>			
Materials and services	<u>550,000</u>	<u>130,800</u>	<u>419,200</u>
Total expenditures	<u>550,000</u>	<u>130,800</u>	<u>419,200</u>
Net change in fund balance	-	(25,663)	(25,663)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ (25,663)</u>	<u>\$ (25,663)</u>

**CITY OF FOREST GROVE**  
**COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 100,000	\$ 100,333	\$ 333
Total revenues	<u>100,000</u>	<u>100,333</u>	<u>333</u>
<b>Expenditures</b>			
Materials and services	<u>111,900</u>	<u>101,578</u>	<u>10,322</u>
Total expenditures	<u>111,900</u>	<u>101,578</u>	<u>10,322</u>
Excess (deficiency) of revenues over expenditures	(11,900)	(1,245)	10,655
<b>Other financing sources (uses)</b>			
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Net change in fund balance	(19,900)	(9,245)	10,655
Fund balance at beginning of year	<u>31,360</u>	<u>34,835</u>	<u>3,475</u>
<b>Fund balance at end of year</b>	<b><u>\$ 11,460</u></b>	<b><u>\$ 25,590</u></b>	<b><u>\$ 14,130</u></b>

**CITY OF FOREST GROVE**  
**PUBLIC ARTS DONATION - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Donations	\$ 3,750	\$ 700	\$ (3,050)
Interest	35	-	(35)
	<u>3,785</u>	<u>700</u>	<u>(3,085)</u>
Total revenues			
<b>Expenditures</b>			
Materials and services	<u>23,520</u>	<u>3,049</u>	<u>20,471</u>
	<u>23,520</u>	<u>3,049</u>	<u>20,471</u>
Total expenditures			
Net change in fund balance	(19,735)	(2,349)	17,386
Fund balance at beginning of year	<u>19,735</u>	<u>19,684</u>	<u>(51)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 17,335</u></b>	<b><u>\$ 17,335</u></b>

**CITY OF FOREST GROVE**  
**TRANSIENT LODGING TAX - SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Other local taxes	\$ 72,000	\$ 84,144	\$ 12,144
Intergovernmental	7,500	-	(7,500)
Interest	<u>750</u>	<u>1,012</u>	<u>262</u>
Total revenues	<u>80,250</u>	<u>85,156</u>	<u>4,906</u>
<b>Expenditures</b>			
Materials and services	112,982	70,320	42,662
Capital outlay	<u>100,555</u>	<u>6,747</u>	<u>93,808</u>
Total expenditures	<u>213,537</u>	<u>77,067</u>	<u>136,470</u>
Net change in fund balance	(133,287)	8,089	141,376
Fund balance at beginning of year	<u>133,287</u>	<u>144,874</u>	<u>11,587</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 152,963</u></b>	<b><u>\$ 152,963</u></b>

**CITY OF FOREST GROVE**  
**TRAFFIC IMPACT - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Interest	\$ 25,000	\$ 16,591	\$ (8,409)
Total revenues	25,000	16,591	(8,409)
<b>Expenditures</b>			
Capital outlay	2,374,037	511,483	1,862,554
Total expenditures	2,374,037	511,483	1,862,554
Net change in fund balance	(2,349,037)	(494,892)	1,854,145
Fund balance at beginning of year	2,349,037	2,147,408	(201,629)
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ 1,652,516</b>	<b>\$ 1,652,516</b>

**CITY OF FOREST GROVE**  
**BIKE AND PEDESTRIAN PATHWAYS - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 17,264	\$ 18,216	\$ 952
Total revenues	<u>17,264</u>	<u>18,216</u>	<u>952</u>
<b>Expenditures</b>			
Capital outlay	<u>41,349</u>	-	<u>41,349</u>
Total expenditures	<u>41,349</u>	-	<u>41,349</u>
Net change in fund balance	(24,085)	18,216	42,301
Fund balance at beginning of year	<u>24,085</u>	<u>24,262</u>	<u>177</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 42,478</u></b>	<b><u>\$ 42,478</u></b>

**CITY OF FOREST GROVE**  
**PARK ACQUISITION AND DEVELOPMENT - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 610,000	\$ 718,398	\$ 108,398
Intergovernmental	1,400,000	-	(1,400,000)
Donations	450,000	407,009	(42,991)
Interest	<u>35,000</u>	<u>18,375</u>	<u>(16,625)</u>
 Total revenues	 <u>2,495,000</u>	 <u>1,143,782</u>	 <u>(1,351,218)</u>
<b>Expenditures</b>			
Park system construction	<u>5,664,553</u>	<u>1,110,884</u>	<u>4,553,669</u>
 Total expenditures	 <u>5,664,553</u>	 <u>1,110,884</u>	 <u>4,553,669</u>
Net change in fund balance	(3,169,553)	32,898	3,202,451
Fund balance at beginning of year	<u>3,169,553</u>	<u>3,242,407</u>	<u>72,854</u>
 <b>Fund balance at end of year</b>	 <b><u>\$ -</u></b>	 <b><u>\$ 3,275,305</u></b>	 <b><u>\$ 3,275,305</u></b>

**CITY OF FOREST GROVE**  
**CAPITAL PROJECTS - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 2,982,000	\$ 2,949,546	\$ (32,454)
Donations	-	27,600	27,600
Interest	42,000	40,924	(1,076)
Miscellaneous	<u>282,988</u>	<u>282,988</u>	<u>-</u>
Total revenues	<u>3,306,988</u>	<u>3,301,058</u>	<u>(5,930)</u>
<b>Expenditures</b>			
Capital projects	<u>3,910,680</u>	<u>3,429,444</u>	<u>481,236</u>
Total expenditures	<u>3,910,680</u>	<u>3,429,444</u>	<u>481,236</u>
Excess (deficiency) of revenues over expenditures	<u>(603,692)</u>	<u>(128,386)</u>	<u>475,306</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>192,000</u>	<u>192,000</u>	<u>-</u>
Total other financing sources (uses)	<u>192,000</u>	<u>192,000</u>	<u>-</u>
Net change in fund balance	(411,692)	63,614	475,306
Fund balance at beginning of year	<u>411,692</u>	<u>400,419</u>	<u>(11,273)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ 464,033</u></b>	<b><u>\$ 464,033</u></b>

**CITY OF FOREST GROVE**  
**FACILITY MAJOR MAINTENANCE - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Interest	\$ 9,000	\$ 14,479	\$ 5,479
Total revenues	<u>9,000</u>	<u>14,479</u>	<u>5,479</u>
<b>Expenditures</b>			
Capital outlay	<u>874,466</u>	<u>59,099</u>	<u>815,367</u>
Total expenditures	<u>874,466</u>	<u>59,099</u>	<u>815,367</u>
Net change in fund balance	(865,466)	(44,620)	820,846
Fund balance at beginning of year	<u>1,865,466</u>	<u>1,856,927</u>	<u>(8,539)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,812,307</u></b>	<b><u>\$ 812,307</u></b>

**CITY OF FOREST GROVE**  
**CIP EXCISE - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Licenses, permits and fees	\$ 369,000	\$ 383,301	\$ 14,301
Interest	<u>800</u>	<u>1,460</u>	<u>660</u>
 Total revenues	 <u>369,800</u>	 <u>384,761</u>	 <u>14,961</u>
<b>Expenditures</b>			
Capital outlay	<u>323,600</u>	<u>101,744</u>	<u>221,856</u>
 Total expenditures	 <u>323,600</u>	 <u>101,744</u>	 <u>221,856</u>
 Excess (deficiency) of revenues over expenditures	 <u>46,200</u>	 <u>283,017</u>	 <u>236,817</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(313,980)</u>	<u>(313,980)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(313,980)</u>	 <u>(313,980)</u>	 <u>-</u>
 Net change in fund balance	 (267,780)	 (30,963)	 236,817
Fund balance at beginning of year	<u>267,780</u>	<u>293,041</u>	<u>25,261</u>
 <b>Fund balance at end of year</b>	 <b><u>\$ -</u></b>	 <b><u>\$ 262,078</u></b>	 <b><u>\$ 262,078</u></b>

**CITY OF FOREST GROVE**  
**FIRE EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Intergovernmental	\$ 89,500	\$ 108,439	\$ 18,939
Interest	1,850	604	(1,246)
Miscellaneous	-	10,000	10,000
	<u>91,350</u>	<u>119,043</u>	<u>27,693</u>
<b>Expenditures</b>			
Capital outlay	179,000	178,117	883
Contingency	11,250	-	11,250
	<u>190,250</u>	<u>178,117</u>	<u>12,133</u>
Excess (deficiency) of revenues over expenditures	<u>(98,900)</u>	<u>(59,074)</u>	<u>39,826</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>182,500</u>	<u>182,500</u>	<u>-</u>
	<u>182,500</u>	<u>182,500</u>	<u>-</u>
Net change in fund balance	83,600	123,426	39,826
Fund balance at beginning of year	<u>242,381</u>	<u>245,097</u>	<u>2,716</u>
<b>Fund balance at end of year</b>	<b><u>\$ 325,981</u></b>	<b><u>\$ 368,523</u></b>	<b><u>\$ 42,542</u></b>

**CITY OF FOREST GROVE**  
**LIBRARY ENDOWMENT - PERMANENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Donations	\$ -	\$ 10,000	\$ 10,000
Interest	350	367	17
Total revenues	<u>350</u>	<u>10,367</u>	<u>10,017</u>
<b>Expenditures</b>			
Materials and services	<u>4,212</u>	-	<u>4,212</u>
Total expenditures	<u>4,212</u>	-	<u>4,212</u>
Net change in fund balance	(3,862)	10,367	14,229
Fund balance at beginning of year	<u>45,049</u>	<u>45,135</u>	<u>86</u>
<b>Fund balance at end of year</b>	<b><u>\$ 41,187</u></b>	<b><u>\$ 55,502</u></b>	<b><u>\$ 14,315</u></b>

**CITY OF FOREST GROVE**  
**LIGHT - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 19,726,246	\$ 20,608,331	\$ 882,085
Intergovernmental	-	22,747	22,747
Interest	30,000	20,629	(9,371)
Miscellaneous	<u>784,653</u>	<u>1,085,923</u>	<u>301,270</u>
Total revenues	<u>20,540,899</u>	<u>21,737,630</u>	<u>1,196,731</u>
<b>Expenditures</b>			
Electric services	21,339,995	20,588,932	751,063
Debt service	305,513	305,512	1
Contingency	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>22,145,508</u>	<u>20,894,444</u>	<u>1,251,064</u>
Excess (deficiency) of revenues over expenditures	<u>(1,604,609)</u>	<u>843,186</u>	<u>2,447,795</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,197,640)</u>	<u>(1,164,613)</u>	<u>33,027</u>
Total other financing sources (uses)	<u>(1,197,640)</u>	<u>(1,164,613)</u>	<u>33,027</u>
Net change in fund balance	(2,802,249)	(321,427)	2,480,822
Fund balance at beginning of year	<u>5,762,023</u>	<u>5,663,409</u>	<u>(98,614)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 2,959,774</u></b>	<b><u>\$ 5,341,982</u></b>	<b><u>\$ 2,382,208</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**SEWER FUND**  
**June 30, 2021**

	<b>Sewer</b>	<b>Sewer System Development Charges</b>	<b>Total Sewer Fund</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,246,933	\$ 651,292	\$ 2,898,225
Investments	1,938,025	561,722	2,499,747
Accrued interest receivable	4,082	1,183	5,265
Receivables, net	614,789	775	615,564
Inventory	11,879	-	11,879
Prepaid items	563	31,552	32,115
Total current assets	4,816,271	1,246,524	6,062,795
Capital assets			
Land and construction in progress	81,022	-	81,022
Other capital assets, net	11,182,735	-	11,182,735
Total capital assets	11,263,757	-	11,263,757
Total assets	16,080,028	1,246,524	17,326,552
<b>Deferred outflows of resources</b>			
Pension related items	122,769	-	122,769
Other postemployment benefit related items	1,400	-	1,400
Total deferred outflows of resources	124,169	-	124,169
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	624,211	14,454	638,665
Accrued interest payable	-	8,820	8,820
Long-term obligations due within one year	93,668	-	93,668
Total current liabilities	717,879	23,274	741,153
Long-term obligations due in more than one year	1,420,043	-	1,420,043
Total liabilities	2,137,922	23,274	2,161,196
<b>Deferred inflows of resources</b>			
Pension related items	174,046	-	174,046
Other postemployment benefit related items	9,115	-	9,115
Total deferred inflows of resources	183,161	-	183,161
<b>Net position</b>			
Net investment in capital assets	10,303,798	-	10,303,798
Restricted for capital projects	-	1,223,250	1,223,250
Unrestricted	3,579,316	-	3,579,316
Total net position	<b>\$ 13,883,114</b>	<b>\$ 1,223,250</b>	<b>\$ 15,106,364</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**SEWER FUND**  
**Year Ended June 30, 2021**

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
<b>Operating revenues</b>				
Licenses, permits and fees	\$ -	\$ 1,254	\$ -	\$ 1,254
Charges for services	1,678,364	-	-	1,678,364
Total operating revenues	<u>1,678,364</u>	<u>1,254</u>	<u>-</u>	<u>1,679,618</u>
<b>Operating expenses</b>				
Personnel services	326,670	-	-	326,670
Materials and services	663,435	-	-	663,435
Depreciation	282,423	-	-	282,423
Total operating expenses	<u>1,272,528</u>	<u>-</u>	<u>-</u>	<u>1,272,528</u>
Operating income (loss)	<u>405,836</u>	<u>1,254</u>	<u>-</u>	<u>407,090</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income	3,212	3,963	-	7,175
Miscellaneous	1,549	-	-	1,549
Interest expense	(8,820)	-	-	(8,820)
Total nonoperating revenue (expenses)	<u>(4,059)</u>	<u>3,963</u>	<u>-</u>	<u>(96)</u>
Income (loss) before transfers and capital contributions	401,777	5,217	-	406,994
Capital contributions	1,016,486	162,032	-	1,178,518
Transfers in	65,348	-	(65,348)	-
Transfers out	(86,673)	(65,348)	65,348	(86,673)
Change in net position	1,396,938	101,901	-	1,498,839
Net position at beginning of year	<u>12,486,176</u>	<u>1,121,349</u>	<u>-</u>	<u>13,607,525</u>
<b>Net position at end of year</b>	<b><u>\$ 13,883,114</u></b>	<b><u>\$ 1,223,250</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,106,364</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SEWER FUND**  
**Year Ended June 30, 2021**

	<u>Sewer</u>	<u>Sewer System Development Charges</u>	<u>Eliminations</u>	<u>Total Sewer Fund</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,673,160	\$ 1,417	\$ -	\$ 1,674,577
Payments to suppliers	(670,411)	(69,984)	-	(740,395)
Payments to employees	(300,727)	-	-	(300,727)
Net cash from operating activities	<u>702,022</u>	<u>(68,567)</u>	<u>-</u>	<u>633,455</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	(86,673)	-	-	(86,673)
Net cash from noncapital financing activities	<u>(86,673)</u>	<u>-</u>	<u>-</u>	<u>(86,673)</u>
<b>Cash flows from capital and related financing activities</b>				
System development charges received	-	162,032	-	162,032
Other	1,549	-	-	1,549
Acquisition of capital assets	(377,064)	-	-	(377,064)
Principal paid on long-term obligations	-	(47,708)	-	(47,708)
Interest paid on long-term obligations	-	(8,820)	-	(8,820)
Net cash from capital and related financing activities	<u>(375,515)</u>	<u>105,504</u>	<u>-</u>	<u>(270,011)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	3,390	4,047	-	7,437
Purchases of investments	(840,892)	(235,502)	-	(1,076,394)
Net cash from investing activities	<u>(837,502)</u>	<u>(231,455)</u>	<u>-</u>	<u>(1,068,957)</u>
Net increase (decrease) in cash and cash equivalents	(597,668)	(194,518)	-	(792,186)
Cash and cash equivalents at beginning of year	2,844,601	845,810	-	3,690,411
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 2,246,933</u></b>	<b><u>\$ 651,292</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,898,225</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>				
Operating income (loss)	\$ 405,836	\$ 1,254	\$ -	\$ 407,090
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	282,423	-	-	282,423
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(5,204)	163	-	(5,041)
Inventories	(244)	-	-	(244)
Prepaid items	(563)	(31,552)	-	(32,115)
Pension related items	(114,518)	-	-	(114,518)
Other postemployment benefit related items	355	-	-	355
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(6,169)	(38,432)	-	(44,601)
Net pension liability	(18,723)	-	-	(18,723)
Net other postemployment benefits liability	(5,378)	-	-	(5,378)
Pension related items	159,694	-	-	159,694
Other postemployment benefit related items	4,513	-	-	4,513
<b>Net cash from operating activities</b>	<b><u>\$ 702,022</u></b>	<b><u>\$ (68,567)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 633,455</u></b>

**CITY OF FOREST GROVE**  
**SEWER - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ 5,000	\$ -	\$ (5,000)
Charges for services	1,623,194	1,678,364	55,170
Interest	32,000	22,559	(9,441)
Miscellaneous	10,000	1,549	(8,451)
	<u>1,670,194</u>	<u>1,702,472</u>	<u>32,278</u>
<b>Expenditures</b>			
Sewer service	1,725,149	1,341,469	383,680
Contingency	750,000	-	750,000
	<u>2,475,149</u>	<u>1,341,469</u>	<u>1,133,680</u>
Excess (deficiency) of revenues over expenditures	<u>(804,955)</u>	<u>361,003</u>	<u>1,165,958</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(86,673)</u>	<u>(86,673)</u>	<u>-</u>
Total other financing sources (uses)	<u>(86,673)</u>	<u>(86,673)</u>	<u>-</u>
Net change in fund balance	(891,628)	274,330	1,165,958
Fund balance at beginning of year	<u>3,896,998</u>	<u>3,916,182</u>	<u>19,184</u>
<b>Fund balance at end of year</b>	<b><u>\$ 3,005,370</u></b>	<b><u>\$ 4,190,512</u></b>	<b><u>\$ 1,185,142</u></b>

**CITY OF FOREST GROVE**  
**SEWER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Licenses, permits and fees	\$ -	\$ 1,254	\$ 1,254
System development charges	120,000	162,032	42,032
Interest	7,000	9,603	2,603
	<u>127,000</u>	<u>172,889</u>	<u>45,889</u>
<b>Expenditures</b>			
Sewer infrastructure construction	197,000	-	197,000
Debt service	120,000	56,528	63,472
Contingency	48,000	-	48,000
	<u>365,000</u>	<u>56,528</u>	<u>308,472</u>
Net change in fund balance	(238,000)	116,361	354,361
Fund balance at beginning of year	<u>1,124,225</u>	<u>1,118,668</u>	<u>(5,557)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 886,225</u></b>	<b><u>\$ 1,235,029</u></b>	<b><u>\$ 348,804</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**WATER FUND**  
**June 30, 2021**

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Total Water Fund</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 7,370,362	\$ 3,902,587	\$ 11,272,949
Investments	6,357,538	3,366,072	9,723,610
Accrued interest receivable	13,391	7,090	20,481
Receivables, net	636,283	-	636,283
Inventory	183,446	-	183,446
Prepaid items	584	-	584
	<u>14,561,604</u>	<u>7,275,749</u>	<u>21,837,353</u>
Investment in joint ventures	6,574,814	-	6,574,814
Capital assets			
Land and construction in progress	473,614	-	473,614
Other capital assets, net	10,844,203	-	10,844,203
	<u>11,317,817</u>	<u>-</u>	<u>11,317,817</u>
Total assets	<u>32,454,235</u>	<u>7,275,749</u>	<u>39,729,984</u>
<b>Deferred outflows of resources</b>			
Refunded debt charges	9,609	-	9,609
Pension related items	336,578	-	336,578
Other postemployment benefit related items	5,959	-	5,959
	<u>352,146</u>	<u>-</u>	<u>352,146</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	341,949	88,412	430,361
Accrued interest payable	4,683	-	4,683
Long-term obligations due within one year	556,482	-	556,482
	<u>903,114</u>	<u>88,412</u>	<u>991,526</u>
Long-term obligations due in more than one year	2,695,754	-	2,695,754
Total liabilities	<u>3,598,868</u>	<u>88,412</u>	<u>3,687,280</u>
<b>Deferred inflows of resources</b>			
Pension related items	477,157	-	477,157
Other postemployment benefit related items	38,802	-	38,802
	<u>515,959</u>	<u>-</u>	<u>515,959</u>
<b>Net position</b>			
Net investment in capital assets	9,778,084	-	9,778,084
Restricted for capital projects	-	7,187,337	7,187,337
Debt service	-	-	-
Unrestricted	18,913,470	-	18,913,470
Total net position	<u>\$ 28,691,554</u>	<u>\$ 7,187,337</u>	<u>\$ 35,878,891</u>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**WATER FUND**  
**Year Ended June 30, 2021**

	<u>Water</u>	<u>Water System Development Charge</u>	<u>Eliminations</u>	<u>Total Water Fund</u>
<b>Operating revenues</b>				
Licenses, permits and fees	\$ 2,718	\$ -	\$ -	\$ 2,718
Charges for services	5,257,691	-	-	5,257,691
Total operating revenues	<u>5,260,409</u>	<u>-</u>	<u>-</u>	<u>5,260,409</u>
<b>Operating expenses</b>				
Personnel services	1,232,079	-	-	1,232,079
Materials and services	2,775,233	69,185	-	2,844,418
Depreciation	429,496	-	-	429,496
Total operating expenses	<u>4,436,808</u>	<u>69,185</u>	<u>-</u>	<u>4,505,993</u>
Operating income (loss)	<u>823,601</u>	<u>(69,185)</u>	<u>-</u>	<u>754,416</u>
<b>Nonoperating revenues (expenses)</b>				
Grants	2,390	-	-	2,390
Interest income	29,857	29,244	-	59,101
Miscellaneous	1,385,592	-	-	1,385,592
Interest expense	(58,429)	-	-	(58,429)
(Loss) on investment in joint venture	(320,366)	-	-	(320,366)
Total nonoperating revenue (expenses)	<u>1,039,044</u>	<u>29,244</u>	<u>-</u>	<u>1,068,288</u>
Income (loss) before transfers and capital contributions	1,862,645	(39,941)	-	1,822,704
Capital contributions	-	659,976	-	659,976
Transfers in	126,927	-	(126,927)	-
Transfers out	(328,122)	(128,327)	126,927	(329,522)
Change in net position	1,661,450	491,708	-	2,153,158
Net position at beginning of year	<u>27,030,104</u>	<u>6,695,629</u>	<u>-</u>	<u>33,725,733</u>
<b>Net position at end of year</b>	<b><u>\$ 28,691,554</u></b>	<b><u>\$ 7,187,337</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 35,878,891</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**WATER FUND**  
**Year Ended June 30, 2021**

	Water	Water System Development Charge	Eliminations	Total Water Fund
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 5,123,251	\$ -	\$ -	\$ 5,123,251
Payments to suppliers	(2,858,610)	(127,148)	-	(2,985,758)
Payments to employees	(1,159,089)	-	-	(1,159,089)
Net cash from operating activities	<u>1,105,552</u>	<u>(127,148)</u>	<u>-</u>	<u>978,404</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	(328,122)	(1,400)	-	(329,522)
<b>Cash flows from capital and related financing activities</b>				
System development charges received	-	659,976	-	659,976
Other	1,385,592	-	-	1,385,592
Grants	2,390	-	-	2,390
Acquisition of capital assets	(526,634)	(126,927)	-	(653,561)
Principal paid on long-term obligations	(376,984)	-	-	(376,984)
Interest paid on long-term obligations	(59,035)	-	-	(59,035)
Net cash from capital and related financing activities	<u>425,329</u>	<u>533,049</u>	<u>-</u>	<u>958,378</u>
<b>Cash flows from investing activities</b>				
Interest on investments	29,970	29,541	-	59,511
Purchases of investments	(2,879,662)	(1,463,741)	-	(4,343,403)
Net cash from investing activities	<u>(2,849,692)</u>	<u>(1,434,200)</u>	<u>-</u>	<u>(4,283,892)</u>
Net increase (decrease) in cash and cash equivalents	(1,646,933)	(1,029,699)	-	(2,676,632)
Cash and cash equivalents at beginning of year	9,017,295	4,932,286	-	13,949,581
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 7,370,362</u></b>	<b><u>\$ 3,902,587</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,272,949</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>				
Operating income (loss)	\$ 823,601	\$ (69,185)	\$ -	\$ 754,416
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	429,496	-	-	429,496
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(137,158)	-	-	(137,158)
Inventories	(10,700)	-	-	(10,700)
Pension related items	(314,197)	-	-	(314,197)
Other postemployment benefit related items	1,225	-	-	1,225
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(72,093)	(57,963)	-	(130,056)
Compensated absences payable	(18,195)	-	-	(18,195)
Net pension liability	(35,222)	-	-	(35,222)
Net other postemployment benefits liability	(18,815)	-	-	(18,815)
Pension related items	438,229	-	-	438,229
Other postemployment benefit related items	19,965	-	-	19,965
<b>Net cash from operating activities</b>	<b><u>\$ 1,105,552</u></b>	<b><u>\$ (127,148)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 978,404</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>				
Transfers in	\$ 126,927	\$ -	\$ (126,927)	\$ -
Transfers out	-	(126,927)	126,927	-
(Loss) on investment in joint venture	(320,366)	-	-	(320,366)
Total noncash transactions	<u>\$ 126,927</u>	<u>\$ (126,927)</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF FOREST GROVE**  
**WATER - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Licenses, permits and fees	\$ 5,000	\$ 2,718	\$ (2,282)
Charges for services	4,962,297	5,257,691	295,394
Intergovernmental	-	2,390	2,390
Interest	85,000	92,854	7,854
Miscellaneous	<u>1,136,050</u>	<u>1,385,592</u>	<u>249,542</u>
 Total revenues	 <u>6,188,347</u>	 <u>6,741,245</u>	 <u>552,898</u>
<b>Expenditures</b>			
Water services	5,368,139	4,471,656	896,483
Debt service	436,020	436,019	1
Contingency	<u>1,298,250</u>	<u>-</u>	<u>1,298,250</u>
 Total expenditures	 <u>7,102,409</u>	 <u>4,907,675</u>	 <u>2,194,734</u>
 Excess (deficiency) of revenues over expenditures	 <u>(914,062)</u>	 <u>1,833,570</u>	 <u>2,747,632</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(334,017)</u>	<u>(328,122)</u>	<u>5,895</u>
 Total other financing sources (uses)	 <u>(334,017)</u>	 <u>(328,122)</u>	 <u>5,895</u>
 Net change in fund balance	 (1,248,079)	 1,505,448	 2,753,527
 Fund balance at beginning of year	 <u>12,675,288</u>	 <u>12,565,175</u>	 <u>(110,113)</u>
 <b>Fund balance at end of year</b>	 <b><u>\$ 11,427,209</u></b>	 <b><u>\$ 14,070,623</u></b>	 <b><u>\$ 2,643,414</u></b>

**CITY OF FOREST GROVE**  
**WATER SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 400,000	\$ 659,976	\$ 259,976
Interest	<u>25,000</u>	<u>62,836</u>	<u>37,836</u>
Total revenues	<u>425,000</u>	<u>722,812</u>	<u>297,812</u>
<b>Expenditures</b>			
Water infrastructure construction	808,000	196,112	611,888
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>958,000</u>	<u>196,112</u>	<u>761,888</u>
Excess (deficiency) of revenues over expenditures	<u>(533,000)</u>	<u>526,700</u>	<u>1,059,700</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,400)</u>	<u>(1,400)</u>	<u>-</u>
Net change in fund balance	(534,400)	525,300	1,059,700
Fund balance at beginning of year	<u>5,868,875</u>	<u>6,679,994</u>	<u>811,119</u>
<b>Fund balance at end of year</b>	<b><u>\$ 5,334,475</u></b>	<b><u>\$ 7,205,294</u></b>	<b><u>\$ 1,870,819</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**SURFACE WATER MANAGEMENT FUND**  
**June 30, 2021**

	<b>Surface Water Management</b>	<b>Surface Water Management System Development Charges</b>	<b>Total Surface Water Management Fund</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 514,582	\$ 240,064	\$ 754,646
Investments	443,976	207,121	651,097
Accrued interest receivable	935	436	1,371
Receivables, net	159,863	-	159,863
Prepaid items	125	-	125
Total current assets	1,119,481	447,621	1,567,102
Capital assets			
Other capital assets, net	7,332,192	-	7,332,192
Total assets	8,451,673	447,621	8,899,294
<b>Deferred outflows of resources</b>			
Pension related items	149,367	-	149,367
Other postemployment benefit related items	2,615	-	2,615
Total deferred outflows of resources	151,982	-	151,982
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	71,674	-	71,674
Total current liabilities	71,674	-	71,674
Long-term obligations due in more than one year			
Total liabilities	758,070	-	758,070
<b>Deferred inflows of resources</b>			
Pension related items	211,754	-	211,754
Other postemployment benefit related items	17,024	-	17,024
Total deferred inflows of resources	228,778	-	228,778
<b>Net position</b>			
Net investment in capital assets	7,332,192	-	7,332,192
Restricted for capital projects	-	447,621	447,621
Unrestricted	284,615	-	284,615
Total net position	<b>\$ 7,616,807</b>	<b>\$ 447,621</b>	<b>\$ 8,064,428</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**SURFACE WATER MANAGEMENT FUND**  
**Year Ended June 30, 2021**

	<b>Surface Water Management</b>	<b>Surface Water Management System Development Charges</b>	<b>Total Surface Water Management Fund</b>
<b>Operating revenues</b>			
Charges for services	\$ 1,289,092	\$ -	\$ 1,289,092
<b>Operating expenses</b>			
Personnel services	549,092	-	549,092
Materials and services	102,152	799	102,951
Depreciation	193,770	-	193,770
Total operating expenses	845,014	799	845,813
Operating income (loss)	444,078	(799)	443,279
<b>Nonoperating revenues (expenses)</b>			
Interest income	(1,263)	252	(1,011)
Miscellaneous	489	-	489
Total nonoperating revenue (expenses)	(774)	252	(522)
Income (loss) before transfers and capital contributions	443,304	(547)	442,757
Capital contributions	-	85,743	85,743
Transfers out	(62,787)	-	(62,787)
Change in net position	380,517	85,196	465,713
Net position - beginning	7,236,290	362,425	7,598,715
<b>Net position - ending</b>	<b>\$ 7,616,807</b>	<b>\$ 447,621</b>	<b>\$ 8,064,428</b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**SURFACE WATER MANAGEMENT FUND**  
Year Ended June 30, 2021

	<b>Surface Water Management</b>	<b>Surface Water Management System Development Charges</b>	<b>Total Surface Water Management Fund</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,287,398	\$ -	\$ 1,287,398
Payments to suppliers	(89,553)	(799)	(90,352)
Payments to employees	(506,322)	-	(506,322)
Net cash from operating activities	691,523	(799)	690,724
<b>Cash flows from noncapital financing activities</b>			
Transfers out	(62,787)	-	(62,787)
Net cash from noncapital financing activities	(62,787)	-	(62,787)
<b>Cash flows from capital and related financing activities</b>			
System development charges received	-	85,743	85,743
Other	489	-	489
Acquisition of capital assets	(439,304)	-	(439,304)
Net cash from capital and related financing activities	(438,815)	85,743	(353,072)
<b>Cash flows from investing activities</b>			
Interest on investments	(1,366)	207	(1,159)
Purchases of investments	(229,655)	(106,353)	(336,008)
Net cash from investing activities	(231,021)	(106,146)	(337,167)
Net increase (decrease) in cash and cash equivalents	(41,100)	(21,202)	(62,302)
Cash and cash equivalents at beginning of year	555,682	261,266	816,948
<b>Cash and cash equivalents at end of year</b>	<b>\$ 514,582</b>	<b>\$ 240,064</b>	<b>\$ 754,646</b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>			
Operating income (loss)	\$ 444,078	\$ (799)	\$ 443,279
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	193,770	-	193,770
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	(1,694)	-	(1,694)
Pension related items	(139,469)	-	(139,469)
Other postemployment benefit related items	538	-	538
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	12,724	-	12,724
Net pension liability	(13,350)	-	(13,350)
Other postemployment benefits liability	(8,248)	-	(8,248)
Pension related items	194,538	-	194,538
Other postemployment benefit related items	8,761	-	8,761
<b>Net cash from operating activities</b>	<b>\$ 691,523</b>	<b>\$ (799)</b>	<b>\$ 690,724</b>

**CITY OF FOREST GROVE**  
**SURFACE WATER MANAGEMENT - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 1,175,000	\$ 1,289,092	\$ 114,092
Intergovernmental	97,000	-	(97,000)
Interest	3,300	3,025	(275)
Miscellaneous	-	489	489
	<u>1,275,300</u>	<u>1,292,606</u>	<u>17,306</u>
Total revenues			
<b>Expenditures</b>			
SWM services	1,287,389	1,047,778	239,611
Contingency	100,000	-	100,000
	<u>1,387,389</u>	<u>1,047,778</u>	<u>339,611</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(112,089)</u>	<u>244,828</u>	<u>356,917</u>
<b>Other financing sources (uses)</b>			
Transfers out	(62,787)	(62,787)	-
	<u>(62,787)</u>	<u>(62,787)</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	(174,876)	182,041	356,917
Fund balance at beginning of year	<u>733,148</u>	<u>868,293</u>	<u>135,145</u>
<b>Fund balance at end of year</b>	<b><u>\$ 558,272</u></b>	<b><u>\$ 1,050,334</u></b>	<b><u>\$ 492,062</u></b>

**CITY OF FOREST GROVE**  
**SURFACE WATER MANAGEMENT SYSTEM DEVELOPMENT CHARGES - ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
System development charges	\$ 33,500	\$ 85,743	\$ 52,243
Interest	3,000	2,256	(744)
	<u>36,500</u>	<u>87,999</u>	<u>51,499</u>
<b>Expenditures</b>			
SWC infrastructure construction	155,000	799	154,201
Contingency	64,897	-	64,897
	<u>219,897</u>	<u>799</u>	<u>219,098</u>
Net change in fund balance	(183,397)	87,200	270,597
Fund balance at beginning of year	<u>358,142</u>	<u>361,597</u>	<u>3,455</u>
<b>Fund balance at end of year</b>	<b><u>\$ 174,745</u></b>	<b><u>\$ 448,797</u></b>	<b><u>\$ 274,052</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2021**

	<u>Information Systems</u>	<u>Equipment</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 366,837	\$ 1,078,798	\$ 129,095	\$ 1,574,730
Investments	316,360	930,770	111,419	1,358,549
Accrued interest receivable	666	1,960	235	2,861
Prepaid items	-	100	15,000	15,100
Total current assets	<u>683,863</u>	<u>2,011,628</u>	<u>255,749</u>	<u>2,951,240</u>
Capital assets				
Other capital assets, net	-	2,122,266	-	2,122,266
Total assets	<u>683,863</u>	<u>4,133,894</u>	<u>255,749</u>	<u>5,073,506</u>
<b>Deferred outflows of resources</b>				
Pension related items	-	38,119	-	38,119
Other postemployment benefit related items	-	1,250	-	1,250
Total deferred outflows of resources	<u>-</u>	<u>39,369</u>	<u>-</u>	<u>39,369</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	13,915	30,748	1,245	45,908
Long-term obligations due within one year	-	11,612	-	11,612
Total current liabilities	<u>13,915</u>	<u>42,360</u>	<u>1,245</u>	<u>57,520</u>
Long-term obligations due in more than one year	-	183,273	-	183,273
Total liabilities	<u>13,915</u>	<u>225,633</u>	<u>1,245</u>	<u>240,793</u>
<b>Deferred inflows of resources</b>				
Pension related items	-	54,040	-	54,040
Other postemployment benefit related items	-	8,138	-	8,138
Total deferred inflows of resources	<u>-</u>	<u>62,178</u>	<u>-</u>	<u>62,178</u>
<b>Net position</b>				
Net investment in capital assets	-	1,927,381	-	1,927,381
Unrestricted	669,948	1,958,071	254,504	2,882,523
Total net position	<u>\$ 669,948</u>	<u>\$ 3,885,452</u>	<u>\$ 254,504</u>	<u>\$ 4,809,904</u>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2021**

	<u>Information Systems</u>	<u>Equipment</u>	<u>City Utility</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Operating revenues</b>					
Charges for services	\$ 358,403	\$ 1,086,539	\$ -	\$ 531,138	\$ 1,976,080
<b>Operating expenses</b>					
Personnel services	-	263,871	-	-	263,871
Materials and services	366,843	273,810	196,313	591,508	1,428,474
Depreciation	-	379,103	-	-	379,103
Total operating expenses	<u>366,843</u>	<u>916,784</u>	<u>196,313</u>	<u>591,508</u>	<u>2,071,448</u>
Operating income (loss)	<u>(8,440)</u>	<u>169,755</u>	<u>(196,313)</u>	<u>(60,370)</u>	<u>(95,368)</u>
<b>Nonoperating revenues (expenses)</b>					
Grants	6,778	-	-	-	6,778
Interest income	1,369	5,184	-	417	6,970
Miscellaneous	1,780	8,733	-	26,054	36,567
Loss on disposition of capital assets	-	(95,225)	-	-	(95,225)
Total nonoperating revenue (expenses)	<u>9,927</u>	<u>(81,308)</u>	<u>-</u>	<u>26,471</u>	<u>(44,910)</u>
Income (loss) before transfers	1,487	88,447	(196,313)	(33,899)	(140,278)
Transfers in	-	114,480	196,313	-	310,793
Transfers out	-	-	-	(40,000)	(40,000)
Change in net position	1,487	202,927	-	(73,899)	130,515
Net position at beginning of year	<u>668,461</u>	<u>3,682,525</u>	<u>-</u>	<u>328,403</u>	<u>4,679,389</u>
<b>Net position at end of year</b>	<b><u>\$ 669,948</u></b>	<b><u>\$ 3,885,452</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 254,504</u></b>	<b><u>\$ 4,809,904</u></b>

**CITY OF FOREST GROVE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2021**

	Information Systems	Equipment	City Utility	Risk Management	Totals
<b>Cash flows from operating activities</b>					
Receipts from other funds	\$ 358,403	\$ 1,086,539	\$ -	\$ 531,138	\$ 1,976,080
Payments to suppliers	(370,431)	(265,900)	(196,313)	(435,174)	(1,267,818)
Payments to employees	-	(248,991)	-	-	(248,991)
Net cash from operating activities	<u>(12,028)</u>	<u>571,648</u>	<u>(196,313)</u>	<u>95,964</u>	<u>459,271</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	-	-	196,313	-	196,313
Transfers out	-	-	-	(40,000)	(40,000)
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>196,313</u>	<u>(40,000)</u>	<u>156,313</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	-	114,480	-	-	114,480
Other	1,780	8,733	-	26,054	36,567
Grants	6,778	-	-	-	6,778
Acquisition of capital assets	-	(309,272)	-	-	(309,272)
Net cash from capital and related financing activities	<u>8,558</u>	<u>(186,059)</u>	<u>-</u>	<u>26,054</u>	<u>(151,447)</u>
<b>Cash flows from investing activities</b>					
Interest on investments	1,424	4,974	-	353	6,751
Purchase of investments	(125,631)	(480,140)	-	(67,402)	(673,173)
Net cash from investing activities	<u>(124,207)</u>	<u>(475,166)</u>	<u>-</u>	<u>(67,049)</u>	<u>(666,422)</u>
Net increase (decrease) in cash and cash equivalents	(127,677)	(89,577)	-	14,969	(202,285)
Cash and cash equivalents at beginning of year	494,514	1,168,375	-	114,126	1,777,015
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 366,837</u></b>	<b><u>\$ 1,078,798</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 129,095</u></b>	<b><u>\$ 1,574,730</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating income (loss)	\$ (8,440)	\$ 169,755	\$ (196,313)	\$ (60,370)	\$ (95,368)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	379,103	-	-	379,103
(Increase) decrease in assets and deferred outflows of resources					
Prepaid items	-	(100)	-	155,089	154,989
Pension related items	-	(35,660)	-	-	(35,660)
Other postemployment benefit related items	-	334	-	-	334
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	(3,588)	8,010	-	1,245	5,667
Compensated absences payable	-	407	-	-	407
Net pension liability	-	1,097	-	-	1,097
Other postemployment benefits liability	-	(5,045)	-	-	(5,045)
Pension related items	-	49,763	-	-	49,763
Other postemployment benefit related items	-	3,984	-	-	3,984
<b>Net cash from operating activities</b>	<b><u>\$ (12,028)</u></b>	<b><u>\$ 571,648</u></b>	<b><u>\$ (196,313)</u></b>	<b><u>\$ 95,964</u></b>	<b><u>\$ 459,271</u></b>

**CITY OF FOREST GROVE**  
**INFORMATION SYSTEMS - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 358,403	\$ 358,403	\$ -
Intergovernmental	-	6,778	6,778
Interest	7,000	4,552	(2,448)
Miscellaneous	-	1,780	1,780
	<u>365,403</u>	<u>371,513</u>	<u>6,110</u>
<b>Expenditures</b>			
Information system services	449,002	366,842	82,160
Contingency	25,000	-	25,000
	<u>474,002</u>	<u>366,842</u>	<u>107,160</u>
Net change in fund balance	(108,599)	4,671	113,270
Fund balance at beginning of year	<u>676,668</u>	<u>666,913</u>	<u>(9,755)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 568,069</u></b>	<b><u>\$ 671,584</u></b>	<b><u>\$ 103,515</u></b>

**CITY OF FOREST GROVE**  
**EQUIPMENT - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 1,006,151	\$ 1,086,539	\$ 80,388
Interest	20,000	14,179	(5,821)
Miscellaneous	-	8,733	8,733
	<u>1,026,151</u>	<u>1,109,451</u>	<u>83,300</u>
<b>Expenditures</b>			
Vehicle services	1,192,613	832,072	360,541
Contingency	200,000	-	200,000
	<u>1,392,613</u>	<u>832,072</u>	<u>560,541</u>
Excess (deficiency) of revenues over expenditures	<u>(366,462)</u>	<u>277,379</u>	<u>643,841</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>114,480</u>	<u>114,480</u>	<u>-</u>
Total other financing sources (uses)	<u>114,480</u>	<u>114,480</u>	<u>-</u>
Net change in fund balance	(251,982)	391,859	643,841
Fund balance at beginning of year	<u>1,585,447</u>	<u>1,594,313</u>	<u>8,866</u>
<b>Fund balance at end of year</b>	<b><u>\$ 1,333,465</u></b>	<b><u>\$ 1,986,172</u></b>	<b><u>\$ 652,707</u></b>

**CITY OF FOREST GROVE**  
**CITY UTILITY - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

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	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Expenditures</b>			
Materials and services	235,234	196,313	38,921
Total expenditures	235,234	196,313	38,921
<b>Other financing sources (uses)</b>			
Transfers in	235,234	196,313	(38,921)
Total other financing sources (uses)	235,234	196,313	(38,921)
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF FOREST GROVE**  
**RISK MANAGEMENT - INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Charges for services	\$ 531,139	\$ 531,138	\$ (1)
Interest	3,000	1,455	(1,545)
Miscellaneous	-	26,054	26,054
	<u>534,139</u>	<u>558,647</u>	<u>24,508</u>
<b>Expenditures</b>			
Risk management services	713,601	591,508	122,093
Contingency	50,000	-	50,000
	<u>763,601</u>	<u>591,508</u>	<u>172,093</u>
Excess (deficiency) of revenues over expenditures	<u>(229,462)</u>	<u>(32,861)</u>	<u>196,601</u>
<b>Other financing sources (uses)</b>			
Transfers out	(40,000)	(40,000)	-
	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balance	(269,462)	(72,861)	196,601
Fund balance at beginning of year	<u>332,640</u>	<u>328,041</u>	<u>(4,599)</u>
<b>Fund balance at end of year</b>	<b><u>\$ 63,178</u></b>	<b><u>\$ 255,180</u></b>	<b><u>\$ 192,002</u></b>

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## **COMPLIANCE SECTION**

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

Honorable Mayor and Members of the City Council  
City of Forest Grove

We have audited the basic financial statements of the City of Forest Grove (the "City") as of and for the year ended June 30, 2021, and have issued our report thereon dated June 3, 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **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 except as follows:

Honorable Mayor and Members of the City Council  
City of Forest Grove

Budgets legally required (ORS Chapter 294)

- Transfers in of \$6,379,674 and transfers out of \$6,429,665 were budgeted in the 2021-22 annual budget. Under ORS 294.361(2), transfers in should equal transfers out.
- Adopted amounts per the 2021-22 annual budget for resources and requirements do not agree to the LB1.

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

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

**Restriction on Use**

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

*Singer Lewak LLP*

June 3, 2022

By:



Bradley G. Bingenheimer, Partner

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mayor and City Council  
City of Forest Grove

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Forest Grove (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2022. Our report includes a reference to other auditors who audited the financial statements of the Hillsboro-Forest Grove-Beaverton-Tualatin Valley Water District Joint Water Commission and the Barney Reservoir Joint Ownership Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Mayor and City Council  
City of Forest Grove  
Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Singer Lewak LLP". The signature is written in a cursive, flowing style.

June 3, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and City Council  
City of Forest Grove

**Report on Compliance for Each Major Federal Program**

We have audited the City of Forest Grove's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Mayor and City Council  
City of Forest Grove  
Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance Required  
by the Uniform Guidance

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



June 3, 2022

**CITY OF FOREST GROVE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2021**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified	None Reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**CITY OF FOREST GROVE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2021

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Passthrough Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of the Treasury</u></b>			
<i>Passed through Washington County</i>			
Coronavirus Relief Fund	21.019	20-1401	\$ 212,000
	21.019	20-1358	101,243
	21.019	20-1218	16,937
<i>Passed through City of Hillsboro</i>			
Coronavirus Relief Fund	21.019		<u>30,517</u>
Total Coronavirus Relief Fund			<u>360,697</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>360,697</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00537	36,064
Assistance to Firefighters Grant	97.044	EMW-2018-FR-00326	<u>2,726,364</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>2,762,428</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 3,123,125</u></b>

See accompanying notes

# **CITY OF FOREST GROVE**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Forest Grove (the "City") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

### **2. Summary of significant accounting policies**

Expenditures reported on the Schedule are presented on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **3. Indirect Cost Rate**

The City has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

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