



City of McMinnville

CITY OF MCMINNVILLE, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED JUNE 30, 2022

CITY OF MCMINNVILLE, OREGON

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2022

Prepared by:

Finance Department

Jennifer K. Cuellar-Smith
Finance Director

INTRODUCTORY SECTION

City of McMinnville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2022

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INTRODUCTORY SECTION

- Letter of Transmittal
- GFOA Certificate of Achievement
- Elected Officials and Principal Appointed Officers
- Organizational Chart



**City of
McMinnville**



**City of
McMinnville**



City of McMinnville

230 NE Second Street McMinnville, Oregon 97128 www.mcminnvilleoregon.gov

December 29, 2022

Mayor Remy Drabkin
City Councilors
Residents of the City of McMinnville

City management is pleased to submit the City of McMinnville's *Annual Comprehensive Financial Report (ACFR)* for the fiscal year ended June 30, 2022. The ACFR presents the financial position of the City of McMinnville (City) as of June 30, 2022, and the results of City operations and proprietary fund cash flows for the year then ended. The City's financial statements and schedules were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's statements and schedules were audited by Merina and Company, LLP in accordance with auditing standards generally accepted in the United States of America. Merina and Company, LLP concluded the basic financial statements are free of material misstatement and issued an unmodified opinion which is presented in the second section of this report. Financial accuracy, completeness, and fairness of presentations in the ACFR are the responsibility of City of McMinnville's management. City management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. City management asserts the ACFR is complete and reliable in all material respects.

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

Profile of the Government:

City of McMinnville: The city is located in the agriculturally rich Willamette Valley 40 miles southwest of Portland, the largest metropolitan area in Oregon. McMinnville is the county seat of Yamhill County, the seventeenth largest city in Oregon, and the economic hub of the region.

The City is a municipal government, incorporated as a town in 1876 and as a city in 1882, operating under the council-manager form of government. The elected officials are a Mayor and six City Council members. The City provides a full range of services, including police and fire protection; ambulance services; municipal court; wastewater treatment, system construction and maintenance; street construction and maintenance; engineering and planning services; building permitting and inspection services; parks, recreational and cultural activities; and a municipal airport.

McMinnville Water and Light Department: In addition to the City's primary services the City has one discretely presented component unit, the McMinnville Water and Light Department (Department). The

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Year Ended June 30, 2022

Department is governed by the Water and Light Commission, which is appointed by the Mayor and confirmed by City Council members. The Department provides water and electrical services to McMinnville residents. Additional information on the Department is located in the notes to the financial statements, Note I.B.3.

McMinnville Urban Renewal Agency: The City’s financial statements also include the McMinnville Urban Renewal Agency (URA) as a blended component unit. Additional information on the URA is located in the notes to the financial statements, Note I.B.2.

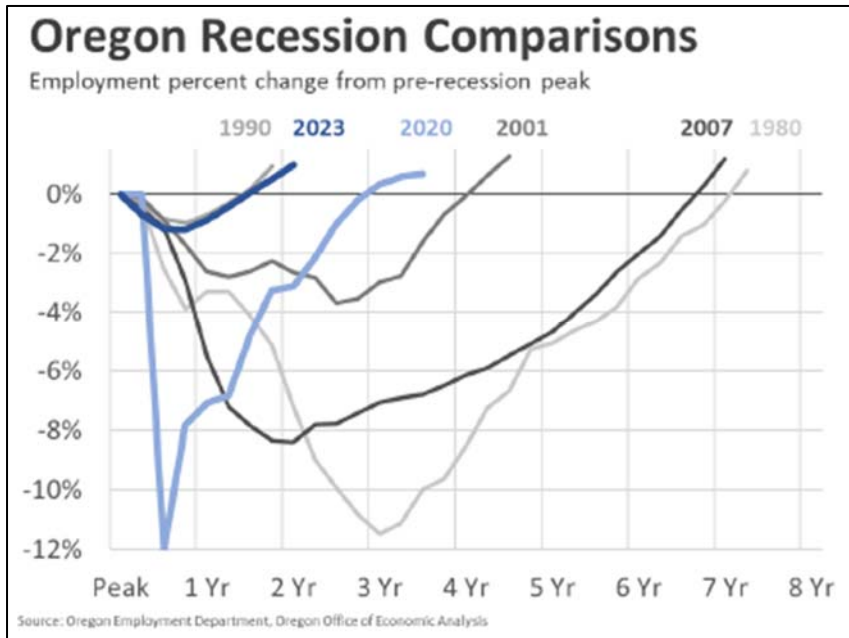
Local Economy:

McMinnville’s local economy is operating within the environment of the overall Oregon experience. The Oregon Economic and Revenue Forecast of December 2022 (put together by the Oregon Office of Economic Analysis) is projecting that a mild recession in the next year is more likely than not. Excerpts from the report include:

Slowing economic growth, high inflation, and rising interest rates are a potent combination.

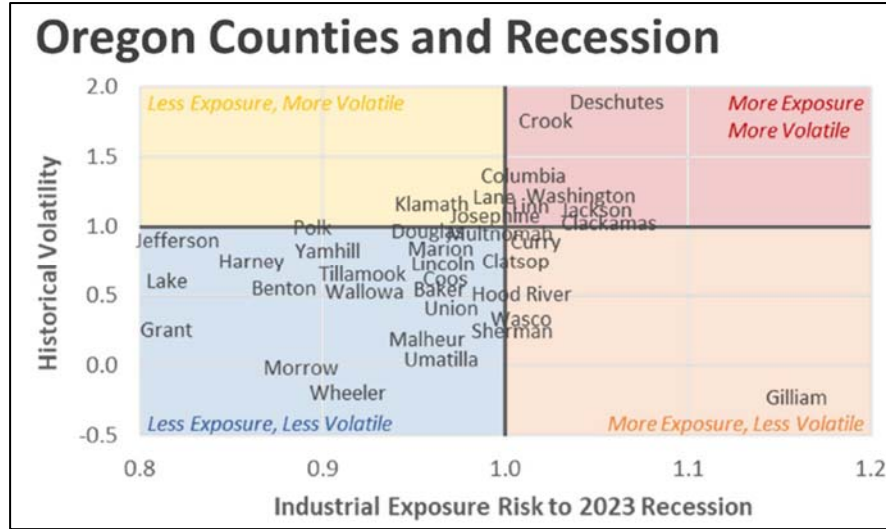
Just as the timing and nature of this cycle has been different than recent experiences, so too is the expected recession. In broad terms the recession is more technical than fundamental in that the impact on jobs, income, and spending is mild. The recession is driven by declines in residential construction and overall business investment due to high interest rates. Additionally, high interest rates and a strong U.S. dollar will weigh on domestic manufacturing activity and exports.

The Forecast includes a couple of charts that give additional context. The first shows



predicted impact on employment statewide.

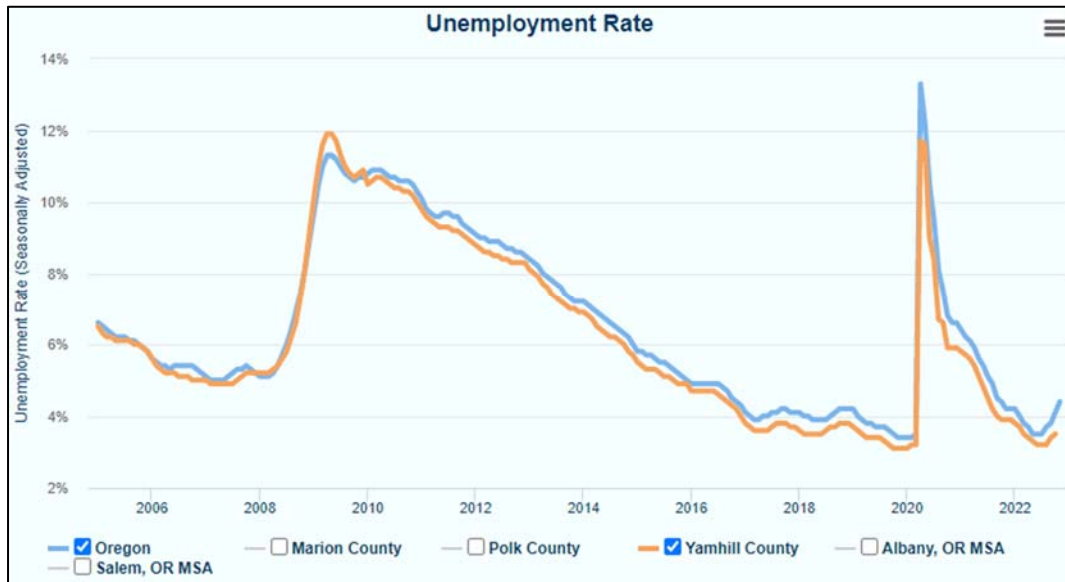
The next looks at how different counties are expected to be impacted by a recession. Historic volatility from 2000 to 2019 in each county’s rate of job growth relative the state as a whole is plotted along with exposure to the industries expected to be most impacted (construction or manufacturing, among others) and less impacted by the recession (ex: leisure and hospitality or health care).



Yamhill county is in the quadrant with less historic employment rate volatility and less exposure to the industries which are likely to have most trouble in the near term. This assessment indicates that McMinnville will likely have an even milder recession experience than other cities and communities in the state.

McMinnville, as the regional seat of government and the largest of Yamhill County’s municipalities, has a diverse economic base that blends all of the County’s commercial sectors. The top five employers in McMinnville are in economic sectors related to education, government, healthcare and manufacturing, providing a stable base for the City’s economy. McMinnville is home to approximately 100 manufacturers, producing a wide variety of goods. Products include recycled steel rebar, health food products, plastic and rubber products, fabricated metal products, chemicals and nonmetallic mineral products, unmanned aerial vehicles, software and computer products, and many other types of goods.

Employment: Yamhill County unemployment rates (seasonally adjusted) have trended slightly lower than those of the state as a whole. For the City of McMinnville, according to the Oregon



Employment Department, the unemployment rate in October 2021 was 3.9% while in October of 2022 it was 3.5%. For the state, last October was 4.4% and this October unemployment was 4.1%. While both Yamhill County and the state overall have seen improvements in the unemployment rate in the last year, the

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unemployment rate this fall is coming off the lows seen this summer which were roughly equivalent to pre-pandemic unemployment levels.

October 2022's employment gains were seen in private education services and manufacturing whereas the sectors losing most jobs relative last month include construction, professional and business services and leisure and hospitality (each industry reported losing 20 jobs relative September).

Tourism and wine sector: McMinnville is located in the heart of Oregon wine country, where an ideal combination of soil types and a mild climate enable area winemakers to produce world-class wines. There are approximately 250 wineries within a 20-mile radius of McMinnville with 20 tasting rooms and nine wineries operating within the City. The strength of the wine industry in McMinnville and surrounding area has been a significant factor in growth of the local economy. Yamhill County, with one-third of Oregon's acreage in vineyards, plays a leading role in Oregon's \$8.4 billion dollar-a-year industry statewide.¹

Wineries and tasting rooms open to the public are a natural draw for tourists throughout the year. Many wineries also have festivals, music performances, and picnics during the summer. In July, McMinnville's Linfield University hosts the International Pinot Noir Celebration (IPNC). After taking a hiatus in 2020 and gathering virtually in 2021 due to the COVID-19 pandemic, the 2022 IPNC was back in person and next year the event will be held July 28-30, 2023. This event, which began in 1987, normally brings participants from as far away as California, France, New Zealand and Australia, and has over the years, hosted winemakers from more than 300 wineries in at least 14 countries.

The City imposes a transient lodging tax to provide funding for tourism promotion and marketing of McMinnville as a premiere destination for wine and culinary tourism. These dollars have rebounded substantially after the pandemic periods of FY2019-20 and FY2020-21 to the highest levels seen per year in FY2021-22.

The Evergreen Museum campus buildings include the Evergreen Air Museum, the Space Museum, the Wings and Waves Waterpark, an event center, and an iMax theatre. The Museums display a number of military and civilian aircraft and spacecraft, most notably, the Hughes H-4 Hercules Spruce Goose.

Population Growth: Over the last ten years, McMinnville's population has grown by 6.2 percent, with the most recent census estimates indicating a small increase in 2022. Both new employers and residents are attracted to McMinnville because of its livability and proximity to the Portland metropolitan area, Salem (the state capital), the Cascade mountain range, and the Oregon coast. Other factors contributing to the livability are the vitality of McMinnville's Historic Downtown District, Linfield University, and excellence of medical and City services. For comparison, during the same ten-year period, Yamhill County's population grew 7.5 percent, while the State of Oregon's population grew 9.2 percent.

¹ 2021 Oregon Winery and Vineyard Report from the Institute for Policy Research and Engagement at the University of Oregon.

Population Estimates

| Year | McMinnville | | Yamhill County | | State of Oregon | |
|------|-------------|----------------|----------------|----------------|-----------------|----------------|
| | Population | Percent Change | Population | Percent Change | Population | Percent Change |
| 2013 | 32,510 | 0.23% | 101,400 | 0.85% | 3,919,020 | 0.91% |
| 2018 | 33,810 | 0.43% | 107,415 | 2.31% | 4,195,300 | 1.31% |
| 2019 | 33,930 | 0.35% | 108,060 | 0.60% | 4,236,400 | 0.98% |
| 2020 | 34,319 | 1.15% | 107,873 | -0.17% | 4,243,791 | 0.17% |
| 2021 | 34,251 | -0.20% | 108,261 | 0.36% | 4,266,560 | 0.54% |
| 2022 | 34,515 | 0.77% | 108,993 | 0.68% | 4,278,910 | 0.29% |

Source: Portland State University Population Research Center (PRC) yearly estimates.

McMinnville’s population is projected to reach approximately 39,902 by 2035, an increase of 15.6 percent from its 2022 population. Yamhill County’s population is projected to increase by 11.6 percent to 121,591 in 2035, according to the PRC.

Residential, Commercial, and Industrial Development: Fiscal year 2021-22 represented an 8.7 percent increase in permits issued, a total of 1,283 relative 1,180 in the previous year. Last year the McMinnville Growth Management and Urbanization Plan (MGMP) was adopted, adding 662.40 gross buildable acres to the McMinnville Urban Growth Boundary.

Property Values: Taxable values and real market values are factors that are useful in measuring the economic health of a community. As illustrated in the table below, the taxable value for McMinnville increased by over 20 percent in the last five years and 40 percent over the last ten years. Increases were primarily related to new construction and major commercial building improvements.

Property Values --- Maximum Assessed Value and Real Market Value
(\$s in thousands)

| Fiscal Year End | McMinnville | | | Yamhill County | | |
|-----------------|---------------|----------------|-------------------|----------------|-------------------|----------------|
| | Taxable Value | Percent Change | Real Market Value | Percent Change | Real Market Value | Percent Change |
| 2013 | 2,199,145 | 2.75% | 2,767,634 | -1.37% | 8,911,056 | -3.03% |
| 2018 | 2,591,403 | 3.28% | 3,722,888 | 8.89% | 12,744,339 | 11.51% |
| 2019 | 2,742,458 | 5.83% | 3,930,001 | 5.56% | 13,656,881 | 7.16% |
| 2020 | 2,882,809 | 5.12% | 4,191,800 | 6.66% | 14,869,587 | 8.88% |
| 2021 | 2,989,998 | 3.72% | 4,617,332 | 10.15% | 15,713,023 | 5.67% |
| 2022 | 3,144,390 | 5.16% | 5,072,516 | 9.86% | 17,480,598 | 11.25% |

Source: Yamhill County Assessor’s Office

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From 2013 to 2024, real market value for McMinnville increased by over 80 percent and Yamhill County’s real market value grew by over 95 percent in the last ten years. The City’s real market value has shown a steady increase over the last five years. Taxable value as a percentage of estimated real market value was 62 percent in 2022.

Property Tax Rates: Since fiscal year 2001, the City has levied its entire permanent property tax rate of \$5.02 per \$1,000 of assessed value for operations, as provided for in the 1996 Oregon tax limitation measure. Oregon law allows the City to levy property taxes for payment on debt that has been approved by the voters. The City’s debt service levy includes Public Safety-Civic Building bonds (ending in FY2026-27) and two rounds of Transportation bonds issued as authorized by voters in 2014. The property taxes received to support McMinnville’s Urban Renewal (UR) plan do not result in an additional property tax extended to payers but are shares of tax receipts that would have otherwise gone to taxing districts that the UR district overlaps with such as the City of McMinnville, Yamhill County, McMinnville School District.

Property Tax Rates
(per thousand of assessed valuation)

| <u>Fiscal Year Ended</u> | <u>City of McMinnville Only</u> | | | | <u>McMinnville Tax Code #40</u> |
|--------------------------|---------------------------------|--------------------------|----------------------|--------------------------------|---------------------------------------|
| | <u>Permanent Operating Levy</u> | <u>Debt Service Levy</u> | <u>Urban Renewal</u> | <u>Total Property Tax Levy</u> | <u>Consolidated Property Tax Rate</u> |
| 2013 | 5.02 | 0.63 | | 5.65 | 16.55 |
| 2018 | 5.02 | 1.34 | 0.08 | 6.44 | 17.12 |
| 2019 | 5.02 | 1.45 | 0.10 | 6.57 | 17.18 |
| 2020 | 5.02 | 1.29 | 0.12 | 6.43 | 17.00 |
| 2021 | 5.02 | 1.27 | 0.14 | 6.43 | 17.09 |
| 2022 | 5.02 | 0.92 | 0.17 | 6.11 | 16.51 |

Source: Yamhill County Assessor’s Office

Fiscal Policy and Financial Planning:

To facilitate long-term planning, City management utilizes a five-year financial forecast model. Forecasting enables policymakers to take action in a timely manner, to mitigate future financial problems, and to allow planning for expansion when economic conditions improve. The City’s fiscal policy is to budget for the upcoming fiscal year, while taking into consideration factors that will impact subsequent years’ budgets.

For fiscal year 2021-22, the City’s General Fund ending fund balance is over 24 percent of total General Fund operating expenditures. This meets the minimum General Fund reserve targeted in the fund balance policy adopted by the City Council in October 2020. This policy recommends that two months of operating expenditures (personnel and materials and services costs) should be maintained as an unrestricted cash reserve. Additional information on the City’s fund balance policy is included in the notes to the financial statements, Note I.F.16.

Major Initiatives:

After several years of review and assessment by third-party experts on the best way to serve residents, voters may be asked to consider a proposal to provide fire and ambulance services through a single service district encompassing the City of McMinnville and the current McMinnville Rural Fire Protection District outside the city and establish a new tax rate to support those services. In October 2022, the McMinnville City Council passed a Resolution authorizing submission of and support for a petition for formation of this new Fire District. Following that vote, the Yamhill County Commission is now considering referring the proposal to voters for the May 2023 election. They currently have public hearings scheduled for December 1 and January 12. The new

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district will reduce response times while securing a durable revenue source at levels that will also better support the ability to acquire modern, life-saving equipment and specialized vehicles.

The McMinnville Programming Advisory Committee (MacPAC) wrapped up two years of study to examine the future of recreation facilities, library, programs and enrichments services with recommendations to the City Council presented in December 2021. It considered options for the Community Center, Library, Aquatic Center and Senior Center, utilizing a diversity, equity and inclusion lens in its work, always asking “who is positively and negatively affected by this issue or decision, particularly in regards to often marginalized or traumatized groups?”

The current year also saw the Council, with support of the Budget Committee, consider and approve programming for the majority of the City’s \$7.7 million allotment of the once in a generation American Rescue Plan Act (ARPA) grant dollars in three categories of projects: Innovative, High Impact projects; Immediate Impact Community projects and Internal Efficiency and Effectiveness projects. In addition, the Council and Budget Committee met five times from July through November 2021 to consider sustainable resource options for the City’s general fund, culminating in resolution 2021-55 authorizing the creation of a city services charge which will come online in FY2022-23.

The City’s Community Development Department completed a three-year effort to adopt new residential design and development standards that allows missing middle housing types (duplexes, triplexes, quadplexes, townhomes, tiny homes, SROs and cottage clusters) on all housing lots in McMinnville in an effort to provide more access to housing and ownership opportunities for all income levels in McMinnville. To support affordable housing efforts, in May of 2022 the City adopted a Construction Excise Tax (CET) to create its first sustainable affordable housing fund in an effort to partner with private development on providing affordable housing for the community which will begin next fiscal year.

The FY2021-22 period has seen advancement on and completion of a number of projects including:

- NE High School Basin Sanitary Sewer Rehab in progress, FY2022-23 construction completion
- Biosolids Tank and Mixer project is at 90% design with construction expected to start during the spring/summer of 2023 and completion sometime in late 2024/25
- Public Works space needs analysis is in progress with non-monetary criteria being evaluated
- The Water Reclamation Facility and Conveyance Master Plan work has started and will be completed in FY2024-25
- Development of a Mercury Water Quality Pollution Control Plan to meet the Oregon Department of Environmental Quality (DEQ) Mercury Total Maximum Daily Load requirements in process
- The City’s Summer Fun program brought 150 fun and free activities in different geographic areas of the city to our community, serving almost 4,000 people at the events
- The Police Department and the City Attorney’s office staffed a process to update the city’s camping ordinances
- Issued approximately \$175,000 in manufactured housing assistance grants
- The Fire Department’s fire/rescue responses were up 4% relative last year totaling approximately 3,400 responses
- Completed an Airport Apron and Taxiway Rehabilitation project
- City-wide branding project was brought to completion with a full suite of fonts, colors, and logos being used consistently throughout the City, incorporated into our City’s webpage in FY2022-23
- Planning for City’s first-ever community engagement software, iheartmac.org, launched in FY2022-23
- In May 2022 a new Judge was sworn in to serve the members of the public who come before the municipal court
- Completion of the design phase of a Third Street Improvement project, a street and sidewalk reconstruction project on 11 blocks of McMinnville’s award-winning “Main Street.” Next steps are engineering and construction.

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- After four years of public engagement and planning, the City adopted a Three Mile Lane area plan for approximately 1300 acres of land adjacent to Highway 18 in McMinnville, culminating in a master plan to develop a 140-acre Innovation Industrial campus to attract high-density family wage jobs.

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) most recently awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McMinnville for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The City has received this recognition for over 30 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR and must satisfy both generally accepted accounting principles and applicable legal requirements. This award is the highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only.

Acknowledgements:

The preparation of the Annual Comprehensive Financial Report (ACFR) is the final step in the completion of a successful year for the City's Finance Department. We would like to thank the City's accounting staff for their day-to-day dedication to professional accounting standards and to producing accurate accounting records, which are the basis for the financial statements included in the City's ACFR.

Furthermore, we would like to acknowledge the efforts of all City department personnel who conscientiously adhere to internal controls throughout the year, helping to ensure accuracy and compliance with accounting policies. Department personnel also provide important statistical information, making the ACFR a meaningful presentation of the City's financial statements.

The City contracted with Merina and Co to prepare the ACFR report and we recognize the time, effort and care this additional line of service has required.

Special appreciation is also extended to the City of McMinnville Mayor, City Councilors, and Budget Committee for their support and for their continuing effort to conduct the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Jeffrey R. Towery
City Manager



Jennifer K. Cuellar-Smith
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McMinnville
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

City of McMinnville, Oregon

**Elected Officials
And
Principal Appointed Officers of the City
June 30, 2022**

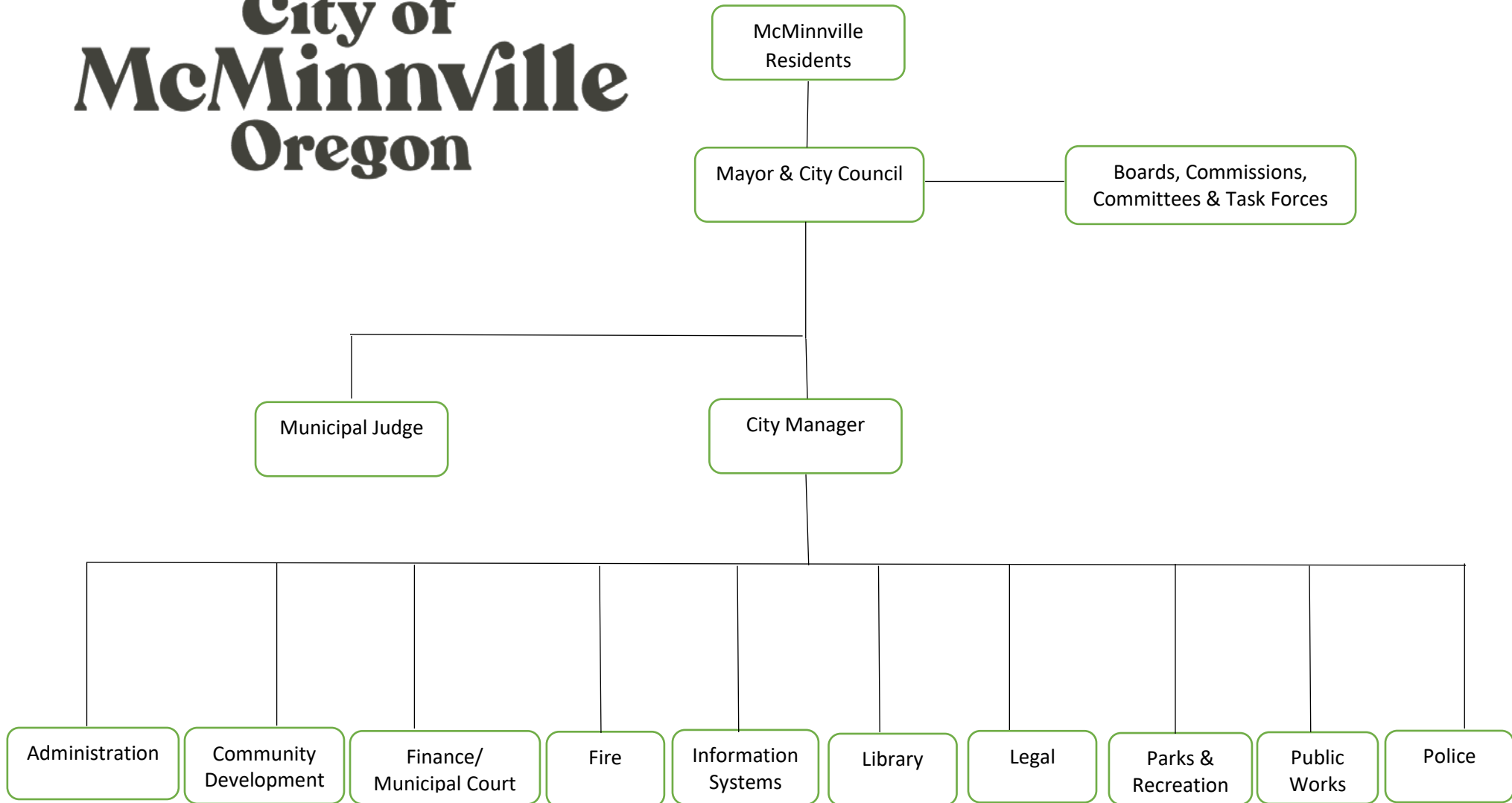
| | <u>CITY COUNCIL</u> | <u>TERM EXPIRES</u> |
|-----------------------------------------------------------------------------|----------------------------|----------------------------|
| Remy Drabkin 905 NE 10th Avenue McMinnville, Oregon 97128 | Mayor | November 8, 2022 |
| Sal Peralta 925 SE Davis Street McMinnville, OR 97128 | Ward I | December 31, 2022 |
| Chris Chenoweth 977 W Dove Court McMinnville, Oregon 97128 | Ward I | December 31, 2024 |
| Kellie Menke 595 NW Mt Mazama Street McMinnville, Oregon 97128 | Ward II | December 31, 2024 |
| Zack Geary 128 NW 8th Street McMinnville, Oregon 97128 | Ward II | December 31, 2022 |
| Adam Garvin 1015 NE Highway 99 McMinnville, Oregon 97128 | Ward III | December 31, 2024 |
| Jessica L. Payne 1925 SE Woodmill Ct McMinnville, Oregon 97128 | Ward III | November 8, 2022 |

CITY ADMINISTRATION

| | |
|----------------------------------|---------------------------------------------|
| Jeffrey R. Towery | City of McMinnville City Manager |
| Jennifer K. Cuellar-Smith | City of McMinnville Finance Director |

EST.  1856

City of McMinnville Oregon





**City of
McMinnville**

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Council, and Audit Committee
City of McMinnville, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of McMinnville, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component unit, McMinnville Water and Light, as described in our report on the City of McMinnville, Oregon'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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of McMinnville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note IV. K. to the financial statements, the City of McMinnville adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

City of McMinnville, Oregon's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of McMinnville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. We did not audit the financial statements of the McMinnville Water & Light Department, a discretely presented component unit of the City of McMinnville. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McMinnville Water & Light Department, is based solely on the report of other auditors.

In performing an audit in accordance with GAAS and GAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 of McMinnville's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of McMinnville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions – pensions, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in total OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under 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.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of McMinnville, Oregon's basic financial statements. The accompanying other supplementary information, as listed in the table of contents including the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 December 29, 2022 on our consideration of City of McMinnville, Oregon'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 of McMinnville, Oregon's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of McMinnville, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 29, 2022, on our consideration of City of McMinnville, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
December 29, 2022



**City of
McMinnville**

City of McMinnville, Oregon Management's Discussion and Analysis

The "Management's Discussion and Analysis" (MD&A) section of the City of McMinnville's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements, the accompanying notes to those financial statements, and the City's "Letter of Transmittal" contained in the ACFR. In an effort to make the MD&A more readable, all amounts have been rounded to the nearest million or in some cases the nearest thousand.

Financial Highlights

- The City's assets and deferred outflows of resources totaled \$254.1 million at June 30, 2022, consisting of \$166.5 million in capital assets, \$51.4 million in unrestricted cash and investments, \$17.1 million in restricted cash and investments, and \$23.3 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$14.4 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$83.0 million at June 30, 2022 consisting of \$47.6 million in long-term liabilities and \$13.1 million in accounts payable and other liabilities, \$17.3 million in deferred inflows related to pensions and \$5.0 million in other deferred inflows of resources.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$171.0 million at the close of fiscal year 2022. Unrestricted net position totaled \$29.8 million. The City's net investment in capital assets totaled \$136.2 million and net position restricted for capital projects, building operations, and debt service totaled \$5.1 million.
- For its governmental activities, the City generated \$12.6 million in charges for services and received \$1.8 million in operating grants and \$2.4 million in capital grants and contributions. Direct expenses, including interest on long-term debt, were \$38.2 million for the year. Total revenues, including \$29.1 million of general revenues received, and total expenditures resulted in an increase in net position of \$7.7 million.
- For its business-type activities, the City generated \$12.9 million in charges for services, capital grants and contributions, and other revenue to fund direct expenses of \$6.6 million. Year over year, an increase in net position of \$6.3 million was seen.
- Fund balance in the City's governmental funds was \$17.7 million on June 30, 2022, an increase of \$2.0 million from June 30, 2021. Approximately \$5.7 million is available for spending at the City's discretion (unassigned fund balance), up \$1.1 million from the prior year. Additional information regarding governmental funds ending fund balances is included in the Fund Financial Analysis section of Management's Discussion and Analysis.

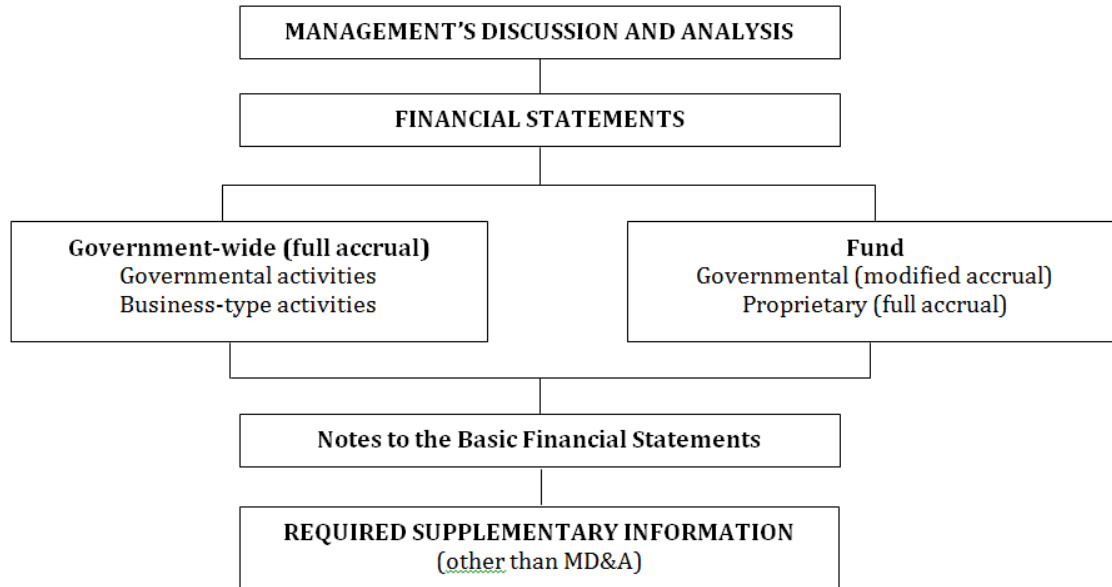
Overview of the Financial Statements

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements*, *required supplementary information*, and *other supplementary information*, including the *combining statements and schedules* of the non-major funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

City of McMinnville - Management's Discussion and Analysis

Chart 1 - Required Elements of the Comprehensive Annual Financial Report



Government-wide financial statements: The government-wide financial statements are prepared using the full accrual method of accounting similar to private-sector accounting. Both the Statement of Net Position and the Statement of Activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- These government-wide financial statements include three reporting units; i.e., governmental activities and business-type activities that are combined for the primary government total, including the McMinnville Urban Renewal District, and the discretely presented component unit, McMinnville Water & Light Department (Department).
- Governmental activities of the City are general government, public safety, community development, culture and recreation, airport, and highways and streets. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activity of the City is in the Wastewater Services funds. The City charges fees to customers to recover the majority of the costs of these services.
- **Statement of Net Position:** This statement includes all assets, liabilities, deferred outflows and deferred inflows of resources with the difference reported as net position. Evaluating increases or decreases in net position over time can serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- **Statement of Activities:** This statement presents information showing how the City's net position changed during the fiscal year. The statement reports governmental and business-type activities' function/program expenses and program revenues and indicates the amount that must be supplemented by general revenues. General revenues include property taxes, franchise fees, unrestricted state shared revenues and investment earnings.

City of McMinnville - Management's Discussion and Analysis

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements focus on major governmental and proprietary funds separately. The City's major governmental funds are each presented separately, and the remaining non-major funds are combined in a column titled "Total Non-Major Governmental Funds." Statements for the City's proprietary funds follow the governmental statements.

- **Governmental funds:** Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. This fund reporting method may be more useful in evaluating the City's short-term financial requirements and position.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fourteen governmental funds, six of which are considered major funds. The General Fund, Airport Maintenance Fund, Grants and Special Assessment Fund, and Urban Renewal Debt Service Fund are major funds; the Transportation Fund and Debt Service Fund are also classified as a major fund due to public interest in these activities. The remaining governmental funds, six special revenue and two capital projects funds, are classified as non-major funds and are aggregated for reporting in the fund financial statements. Non-major governmental funds data is provided in combining and individual fund statements and schedules.

- **Proprietary funds:** The City maintains two types of proprietary funds, enterprise funds and internal service funds.

Enterprise funds are used to account for Wastewater Services. Wastewater Services is a major fund. Enterprise funds use the full accrual method of accounting, as do the government-wide financial statements; therefore, no separate reconciliation is necessary.

Internal service funds are used to accumulate and allocate costs internally among the operating funds. The City's internal service funds are Information Systems & Services and Insurance Services. These funds are included with the proprietary funds in the fund financial statements and with the governmental activities in the government-wide financial statements since the funds served are primarily governmental activities.

Government-Wide Financial Analysis

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$171.1 million at the close of fiscal year 2022

City of McMinnville - Management's Discussion and Analysis

Statement of Net Position:

The following table is a summary of the City's net position compared to the prior fiscal year.

| | Primary Government | | | | | | | | | Component Unit Water and Light The "Department" | | |
|----------------------------------|----------------------------|----------------|---------------|-----------------------------|----------------|---------------|-----------------|-----------------|----------------|----------------------------------------------------------|-----------------|---------------|
| | Governmental Activities | | | Business-Type Activities | | | Total City | | | | | |
| | 2022 | 2021 | Change | 2022 | 2021 | Change | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Cash and investments | \$ 25.3 | \$ 19.4 | \$ 5.9 | \$ 43.2 | \$ 39.3 | \$ 3.9 | \$ 68.5 | \$ 58.7 | \$ 9.8 | \$ 57.3 | \$ 56.4 | \$ 0.9 |
| Other assets | 8.7 | 3.9 | 4.8 | 2.2 | 2.4 | (0.2) | 10.9 | 6.3 | 4.6 | 9.7 | 8.5 | 1.2 |
| Capital assets | 104.2 | 104.5 | (0.3) | 58.1 | 55.9 | 2.2 | 162.3 | 160.4 | 1.9 | 147.1 | 140.6 | 6.5 |
| Total assets | 138.2 | 127.8 | 10.4 | 103.5 | 97.6 | 5.9 | 241.7 | 225.4 | 16.3 | 214.1 | 205.5 | 8.6 |
| Deferred outflows of resources | 11.5 | 13.2 | (1.7) | 0.9 | 1.1 | (0.2) | 12.4 | 14.3 | (1.9) | 5.6 | 6.9 | (1.3) |
| Other liabilities | 12.6 | 9.6 | 3.0 | 0.5 | 0.8 | (0.3) | 13.1 | 10.4 | 2.7 | 6.7 | 5.6 | 1.1 |
| Non-current liabilities | 45.8 | 63.5 | (17.7) | 1.8 | 3.1 | (1.3) | 47.6 | 66.6 | (19.0) | 8.1 | 13.8 | (5.7) |
| Total liabilities | 58.4 | 73.1 | (14.7) | 2.3 | 3.9 | (1.6) | 60.7 | 77.0 | (16.3) | 14.8 | 19.4 | (4.6) |
| Deferred inflows of resources | 20.8 | 5.4 | 15.4 | 1.5 | 0.5 | 1.0 | 22.3 | 5.9 | 16.4 | 5.6 | 1.3 | 4.3 |
| Net investment in capital assets | 78.2 | 74.8 | 3.4 | 58.0 | 55.9 | 2.1 | 136.2 | 130.7 | 5.5 | 147.2 | 140.6 | 6.6 |
| Restricted | 5.1 | 8.7 | (3.6) | - | - | - | 5.1 | 8.7 | (3.6) | 0.1 | 0.1 | - |
| Unrestricted | (12.8) | (21.0) | 8.2 | 42.6 | 38.4 | 4.2 | 29.8 | 17.4 | 12.4 | 52.0 | 51.0 | 1.0 |
| Total net position | \$ 70.5 | \$ 62.5 | \$ 8.0 | \$ 100.6 | \$ 94.3 | \$ 6.3 | \$ 171.1 | \$ 156.8 | \$ 14.3 | \$ 199.3 | \$ 191.7 | \$ 7.6 |

The largest portion of the City's net position, or \$136.2 million, is invested in capital assets. The City uses these capital assets to provide services to its citizens. Therefore, they do not represent resources available for future spending. Total restricted net position is \$5.1 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The total \$29.8 million unrestricted net position is the net of an \$12.8 million unrestricted net position deficit in governmental activities and \$42.6 million unrestricted net position in business-type activities.

For governmental activities, total net position increased by \$8.0 million compared to fiscal year 2021. Net investment in capital assets increased by \$3.4 million. Restricted net position decreased by \$3.6 million and the unrestricted net position deficit became smaller by \$8.2 million compared to the previous fiscal year. Capital assets decreased by \$0.3 million compared to 2021 due to less new street infrastructure coming on line after completion

City of McMinnville - Management's Discussion and Analysis

of most of the 2014 and 2018 bond projects. Deferred outflow of resources, predominantly related to future pension obligations, decreased by \$1.7 million. Long term liabilities decreased by \$17.7 million, primarily due to a drop in net pension liabilities; no new debt issuances took place during FY22.

For business-type activities, total net position increased by \$6.3 million. The favorable change is primarily due to the increase in cash and investments in Wastewater Services, resulting from charges for services revenue exceeding operating expenses in 2022 by \$4.3 million operating surplus.

Department - Statement of Net Position: Total net position for the Department increased by \$7.6 million largely due to increased net investment in capital assets. Total combined non-current liabilities decreased in 2023 by \$5.7 million.

Statement of Activities: The table on the following page is a summary of the City's governmental and business-type activities compared to the prior fiscal year.

City of McMinnville - Management's Discussion and Analysis

Statement of Activities June 30, 2022 and 2021 (in millions)

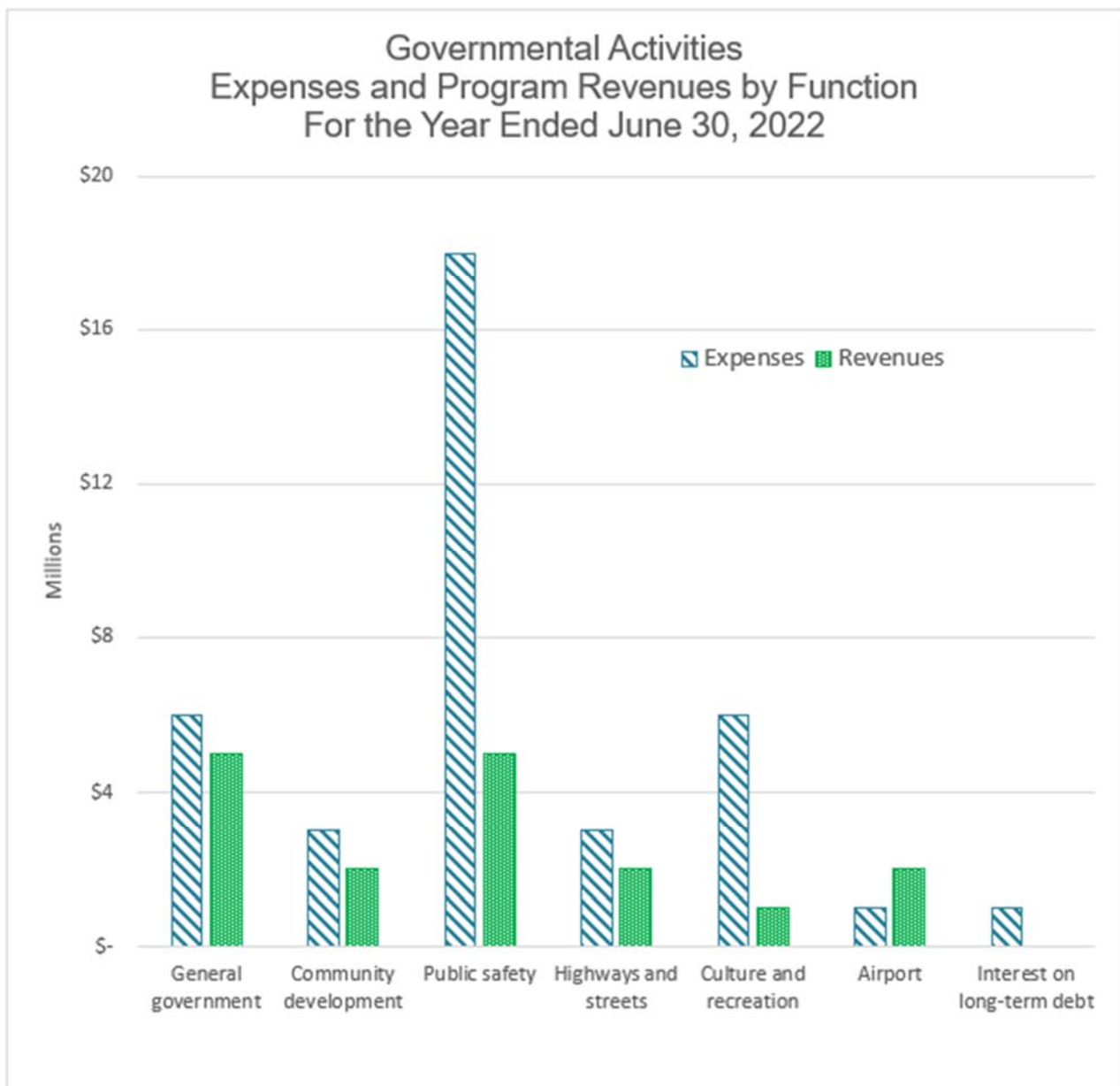
| | Primary Government | | | | | | | | | Component Unit Water and Light The "Department" | | |
|-------------------------------------------------|----------------------------|---------------|---------------|-----------------------------|---------------|---------------|----------------|----------------|---------------|----------------------------------------------------------|----------------|---------------|
| | Governmental Activities | | | Business-Type Activities | | | Total City | | | 2022 | 2021 | Change |
| | 2022 | 2021 | Change | 2022 | 2021 | Change | 2022 | 2021 | Change | | | |
| Revenues: | | | | | | | | | | | | |
| Program revenues: | | | | | | | | | | | | |
| Charges for service | \$ 12.6 | \$ 9.7 | \$ 2.9 | \$ 10.8 | \$ 11.0 | \$ (0.2) | \$ 23.4 | \$ 20.7 | \$ 2.7 | \$ 50.8 | \$ 50.5 | \$ 0.3 |
| Operating grants & contributions | 1.8 | 1.8 | - | 0.1 | - | 0.1 | 1.9 | 1.8 | 0.1 | 0.1 | - | 0.1 |
| Capital grants & contributions | 2.4 | 1.8 | 0.6 | 1.8 | 0.7 | 1.1 | 4.2 | 2.5 | 1.7 | 2.9 | 4.2 | (1.3) |
| General revenues: | | | | | | | | | | | | |
| Property taxes | 18.5 | 18.5 | - | - | - | - | 18.5 | 18.5 | - | - | - | - |
| Franchise taxes | 3.9 | 4.4 | (0.5) | - | - | - | 3.9 | 4.4 | (0.5) | - | - | - |
| Other | 6.7 | 6.2 | 0.5 | 0.2 | 0.3 | (0.1) | 6.9 | 6.5 | 0.4 | 4.3 | 2.4 | 1.9 |
| Total revenues | 45.9 | 42.4 | 3.5 | 12.9 | 12.0 | 0.9 | 58.8 | 54.4 | 4.4 | 58.1 | 57.1 | 1.0 |
| Expenses: | | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | | |
| General government | 6.3 | 7.0 | (0.7) | - | - | - | 6.3 | 7.0 | (0.7) | - | - | - |
| Community development | 2.6 | 2.7 | (0.1) | - | - | - | 2.6 | 2.7 | (0.1) | - | - | - |
| Public safety | 18.3 | 21.6 | (3.3) | - | - | - | 18.3 | 21.6 | (3.3) | - | - | - |
| Highways and streets | 3.4 | 4.8 | (1.4) | - | - | - | 3.4 | 4.8 | (1.4) | - | - | - |
| Culture and recreation | 6.2 | 6.3 | (0.1) | - | - | - | 6.2 | 6.3 | (0.1) | - | - | - |
| Airport | 0.6 | 0.6 | - | - | - | - | 0.6 | 0.6 | - | - | - | - |
| Interest on long-term debt | 0.8 | 0.9 | (0.1) | - | - | - | 0.8 | 0.9 | (0.1) | - | - | - |
| Business-type activities: | | | | | | | | | | | | |
| Wastewater | - | - | - | 6.6 | 8.0 | (1.4) | 6.6 | 8.0 | (1.4) | - | - | - |
| Component unit | - | - | - | - | - | - | - | - | - | 50.5 | 50.6 | (0.1) |
| Total expenses | 38.2 | 43.9 | (5.7) | 6.6 | 8.0 | (1.4) | 44.8 | 51.9 | (7.1) | 50.5 | 50.6 | (0.1) |
| Changes in net position before transfers | 7.7 | (1.5) | 9.2 | 6.3 | 4.0 | 2.3 | 14.0 | 2.5 | 11.5 | 7.6 | 6.5 | 1.1 |
| Transfers | - | (0.1) | 22.3 | - | 0.1 | - | - | - | - | - | - | - |
| Change in net position | 7.7 | (1.6) | 31.5 | 6.3 | 4.1 | 2.3 | 14.0 | 2.5 | 11.5 | 7.6 | 6.5 | 1.1 |
| Beginning net position as previously reported | 62.5 | 64.1 | (1.6) | 94.3 | 90.2 | 4.1 | 156.8 | 154.3 | 2.5 | 191.7 | 185.2 | 6.5 |
| Change in accounting principle | 0.3 | - | 0.3 | - | - | - | 0.3 | - | 0.3 | - | - | - |
| Beginning net position as restated | 62.8 | 64.1 | (1.3) | 94.3 | 90.2 | 4.1 | 157.1 | 154.3 | 2.8 | 191.7 | 185.2 | 6.5 |
| Total net position | \$70.5 | \$62.5 | \$30.2 | \$100.6 | \$94.3 | \$ 6.4 | \$171.1 | \$156.8 | \$ 5.6 | \$199.3 | \$191.7 | \$ 7.6 |

City of McMinnville - Management's Discussion and Analysis

For governmental activities, program revenues increased by \$3.5 million due to an increase in charges for services and capital grants. General revenues were flat compared to the prior year due a reduction in franchise fees and an offsetting increase in other revenues (transient lodging taxes).

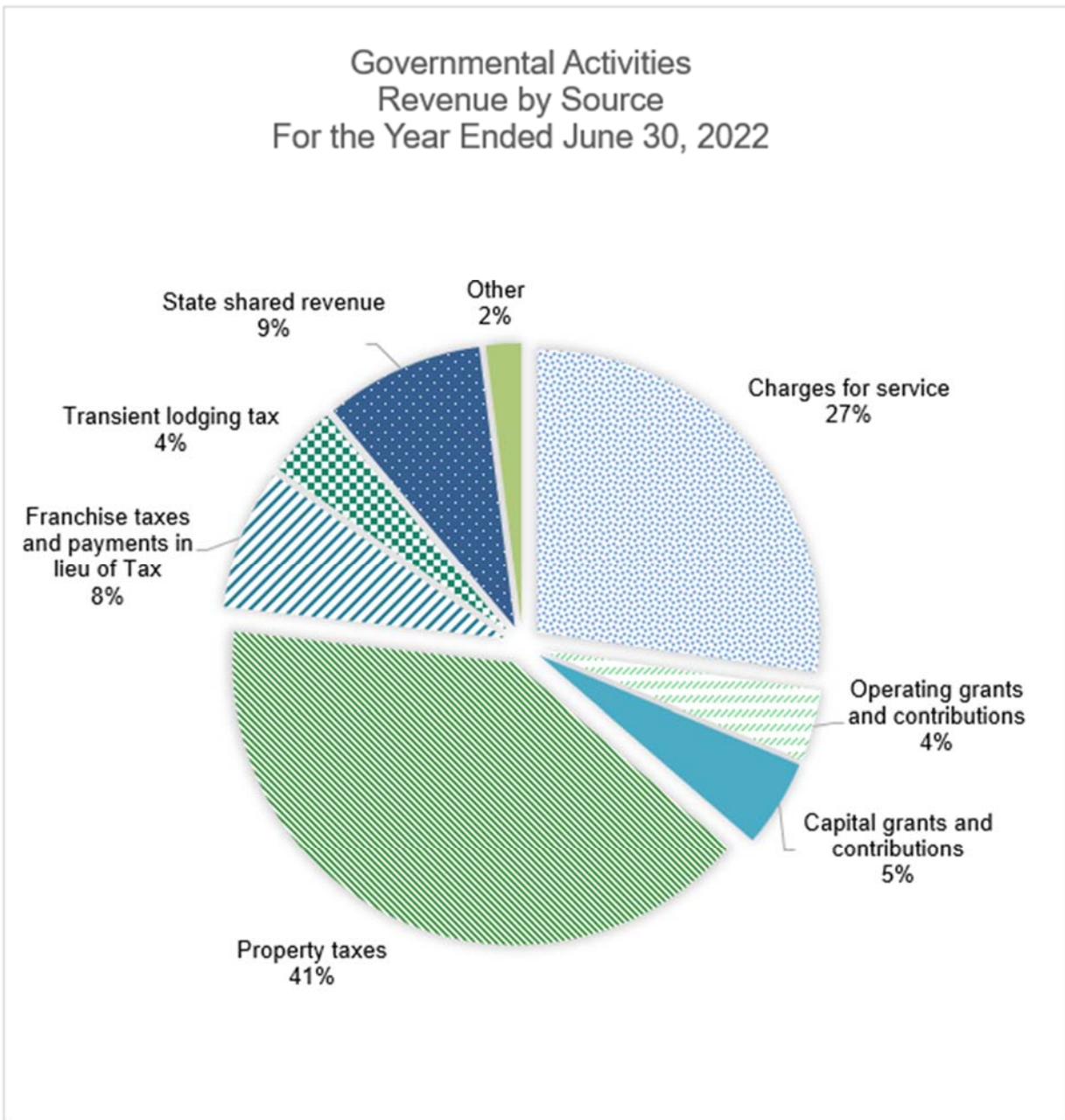
Total expenses for governmental activities decreased by \$5.7 million compared to the prior year. Generally, expenses for governmental activities increase due to higher salaries and fringe benefits costs; in this year, the driver of the declining expense level was due to pension expense coming in \$4.5 million lower than the prior year, an example of how pension expense (income) related to GASB 68 as well as GASB 75 can vary significantly year to year depending on changes in the net pension liability, changes in actuarial assumptions, and differences between projected and actual earnings on pension plan investments, as well as other factors. The City's employee retirement pension plan is discussed in more detail in the notes to the financial statements, Note IV.D.

The following bar chart compares each governmental activity expense with the revenue stream for each activity and illustrates the extent to which different programs are subsidized with general revenues.



City of McMinnville - Management's Discussion and Analysis

The following pie chart illustrates the relative amount of the different categories of revenue sources for governmental activities.

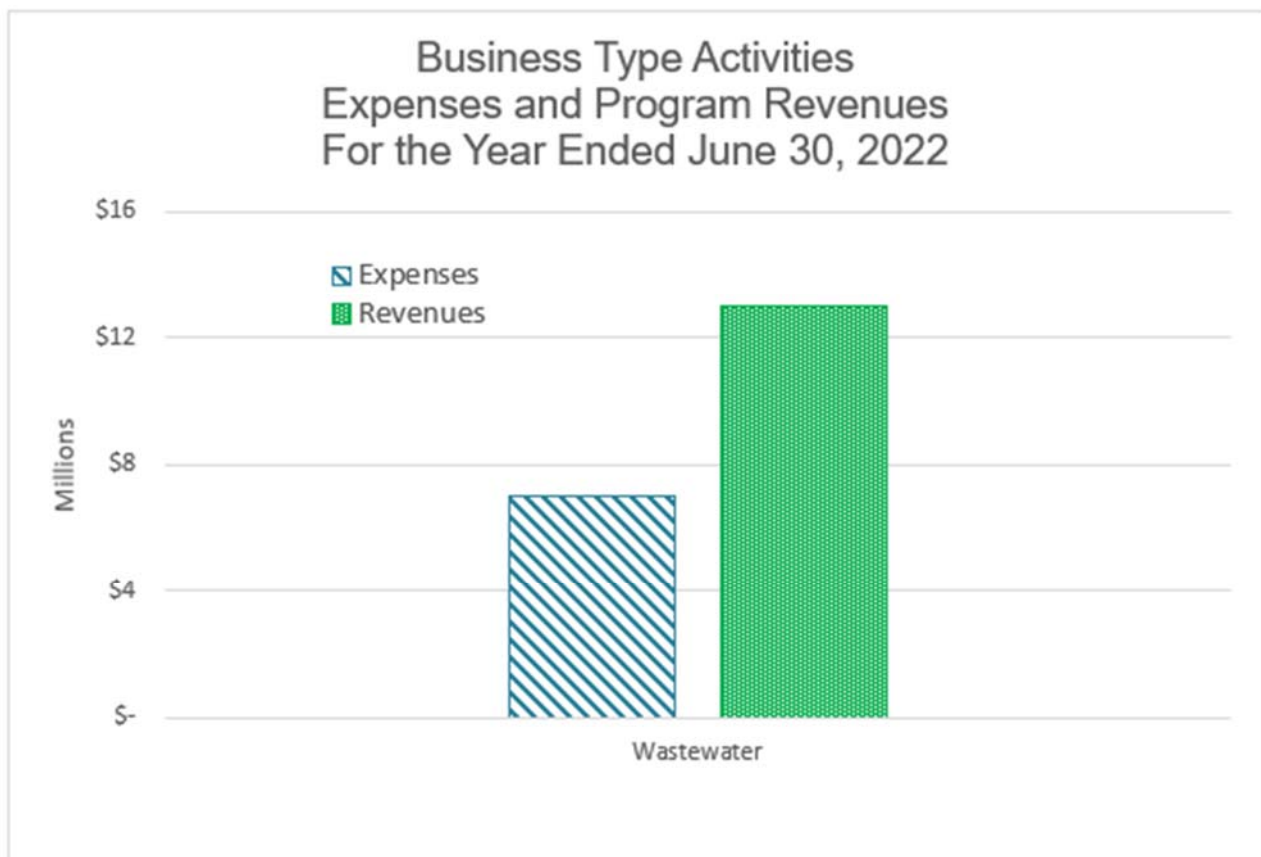


City of McMinnville - Management's Discussion and Analysis

For business-type activities, total revenue increased by \$0.9 million. While wastewater funding primarily consists of charges for services, the increase year over year was driven by higher system development charges and contributed capital.

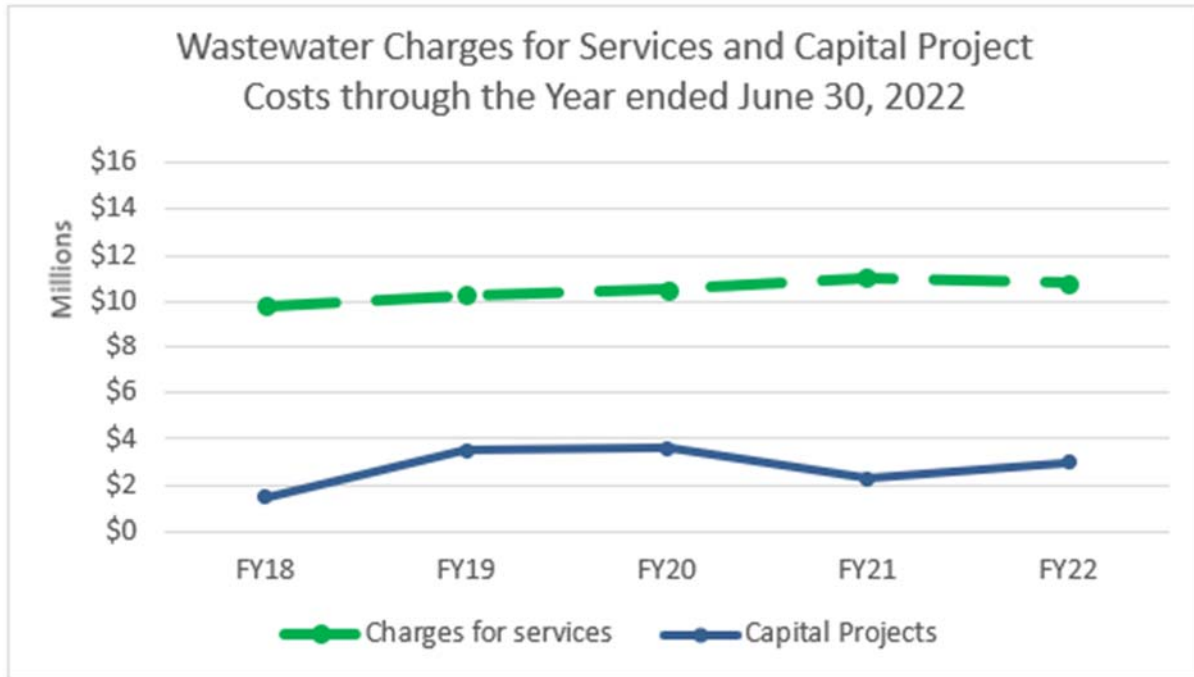
Expenses for business-type activities decreased by \$1.4 million compared to the prior year. As was also seen with the governmental fund, this decline was tied to a significantly smaller pension related expense. Pension and post-employment benefit expense accounting from GASB 68 and GASB 75 can drive swings in value year to year depending on changes in the net pension liability, changes in actuarial assumptions, and differences between projected and actual earnings on pension plan investments, as well as other factors.

The following bar chart compares each business-type activity expense with the revenue stream for that activity. The significant difference between Wastewater revenue and expenses is due to a financial policy adopted by City Council to set sewer rates at a level sufficient to fund future capital projects on a "pay as you go" basis.



City of McMinnville - Management's Discussion and Analysis

The line graph below focuses on Wastewater charges for services and capital project costs for the last five years. The graph illustrates that charges for services are relatively consistent. Though this five-year period shows consistent capital project costs as well, capital project costs can vary due to the number and size of projects in a given year.



Department - Statement of Activities: Combined operating revenue for electric and water increased by 1% over the prior year. Electric and water rates both increased during the year (1.75% and 3% respectively) and consumption was up slightly as well. Total combined operating expenses increased during the year largely due to higher Distribution and O&M costs and Depreciation. The result was a combined \$574K increase in operating revenue. Economic and/or weather conditions, along with conservation continue to be factors for both water and electric consumption. Total other net revenue increased by 18% over the prior year largely due to an increase in Timber Revenue. While strong development continued during FY 2022, contributed utility systems were down 32% because FY 2021 included significant development costs for a water line intertie to the City of Lafayette.

City of McMinnville - Management's Discussion and Analysis

Fund Financial Analysis

The General Fund is the City's main operating fund and is used to account for administration and finance (general government); engineering and planning (community development); police, municipal court, and fire/ambulance (public safety); and parks and recreation and library (culture and recreation activities).

Total General Fund revenues increased by \$1.3 million, or 4.6 percent, compared to the prior year. Property tax and intergovernmental combined to increase by \$1.3 million. All other revenue categories offset each other for no change year over year. On the modified accrual basis, charges for services revenue also includes internal charges for services that are recorded as transfers on the budgetary basis.

Total General Fund expenditures decreased by \$0.1 million compared to the prior year. Public safety and community development functional spending contracted, driven largely by staffing challenges starting in FY22 while culture and recreation spending increased by 7.8% relative the FY21 year when the pandemic had a strong negative impact on providing these community services.

In the General Fund, total revenues exceeded expenses by \$0.9 million in FY22.

Fund accounting segregates revenues according to their intended purposes and is used to aid management in demonstrating legal and contractual compliance with revenue source spending requirements. The following schedule reflects fund balance classifications as defined in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Governmental Fund - Ending Fund Balances
June 30, 2022 and 2021
(in thousands)

| | Ending Fund Balances | | | | | | | | | | | | | | | |
|----------------------------|----------------------|----------------|---------------------|---------------|---------------------|---------------|----------------|----------------|---------------|----------------|----------------------------|------------------|----------------|----------------|-----------------|-----------------|
| | Major Funds | | | | | | | | | | Non-major Funds | | Total | | | |
| | General | | Airport Maintenance | | Special Assessments | | Transportation | | Debt Service | | Urban Renewal Debt Service | | 2022 | 2021 | 2022 | 2021 |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Nonspendable | \$ 30 | \$ 21 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30 | \$ 21 |
| Restricted | - | - | 617 | 553 | 149 | 134 | 3,481 | 2,931 | 463 | 1,296 | - | - | 4,385 | 3,676 | 9,095 | 8,590 |
| Committed | - | - | - | - | - | - | - | - | - | - | - | - | 152 | 111 | 152 | 111 |
| Assigned | 834 | 786 | - | - | - | - | - | - | - | - | - | - | 1,927 | 1,662 | 2,761 | 2,448 |
| Unassigned | 6,704 | 6,006 | - | - | - | - | - | - | - | - | (1,028) | (1,473) | - | - | 5,676 | 4,533 |
| Ending Fund Balance | \$7,568 | \$6,813 | \$ 617 | \$ 553 | \$ 149 | \$ 134 | \$3,481 | \$2,931 | \$ 463 | \$1,296 | \$(1,028) | \$(1,473) | \$6,464 | \$5,449 | \$17,714 | \$15,703 |

General Fund nonspendable fund balance includes \$30,000 in prepaid expenses. The assigned fund balance includes \$0.83 million of Length of Service Award Program (LOSAP) plan assets. LOSAP is a non-qualified retirement plan for the City's volunteer firefighters. LOSAP is described in more detail in the notes to the financial statements, Note IV.D.2. Unassigned fund balance increased by \$0.7 million compared with the prior year.

The Airport Maintenance Fund restricted balance was \$617,000 at the end of FY22. Charges for services revenue, including rental payments for land and building leases, were slightly higher than operating expenditures. Operating expenditures, primarily maintenance and improvements costs for buildings and runways, vary from year to year depending on projects. Rental property revenue at the airport is committed by City Council resolution solely for airport operations.

The Transportation Fund fund balance rose by \$0.6 million in FY22 due to the completion in the prior years of most bond-funded support activities designed to expand and improve City streets.

The Debt Service Fund restricted balance decreased by \$0.8 million compared with the prior year as the Parks bond payments ended in FY22 as planned. The restricted balance includes the amount of taxes carried forward from the previous fiscal year to pay general obligation debt service payments that are due in August before property taxes are collected in November.

City of McMinnville - Management's Discussion and Analysis

The Grants and Special Assessments fund balance rose by \$15,000 this year. The fund balance in this major fund tends to be low as grant revenue is recognized when conditions for grant activities are expensed.

Non-major governmental fund ending fund balances include amounts restricted for urban renewal debt service, street maintenance, and transient lodging taxes. Year over year the resources available for those activities grew by \$1 million.

For proprietary funds, total ending net position, including internal services funds, increased by \$6.3 million compared to FY21; Wastewater's unrestricted net position increased by \$6.3 million while internal service fund net position declined by \$26,000. The increase occurred due to Wastewater charges for services revenue exceeding expenses, as the City continues to build a reserve in the Wastewater Fund to pay for future capital projects.

Internal service funds include Information Systems & Services (IS) and Insurance Services Funds. Net position for both funds declined marginally relative to the prior year, driven principally by the previously mentioned impact of smaller pension expense in FY22 relative the prior year. IS Department personnel provide computer support to other funds of the City. Operating departments pay premiums to the Insurance Services Fund for property, liability, and workers compensation insurance. For FY22, the City paid \$153,000 more in combined premiums and paid claims relative FY21. The City purchases property, liability insurance from City County Insurance Services, a public entity risk pool, and workers compensation insurance from an Oregon non-profit called SAIF.

Governmental Fund - Ending Fund Balances June 30, 2022 and 2021 (in thousands)

| | Ending Net Position | | | | | |
|-------------------------------------|---------------------|------------------|------------------|---------------|------------------|------------------|
| | Wastewater | | Internal Service | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Unrestricted | \$ 42,575 | \$ 38,359 | \$ 338 | \$ 391 | \$ 42,913 | \$ 38,750 |
| Restricted | 46 | 19 | 12 | 4 | 58 | 23 |
| Net investment in capital assets | 57,964 | 55,881 | 421 | 402 | 58,385 | 56,283 |
| Ending Fund Balance | \$100,585 | \$ 94,259 | \$ 771 | \$ 797 | \$101,356 | \$ 95,056 |

General Fund and Other Budgetary Highlights

During the fiscal year, six supplemental budgets were adopted by the City Council that amended city's adopted budget. One was to appropriate spending of American Rescue Plan Act programs carried out in general fund departments and information services fund. The largest supplemental budget appropriated budget across all funds with general service employees in order to implement a class and compensation update to bring those wages to the market-based levels in the area. A number of funds had increased appropriations based on a mid-year and year-end review of spending needs which varied from the financial plan as originally contemplated. The fifth was to address a higher than anticipated trend line for Transient Lodging Tax, reflecting a stronger than anticipated rebound in the tourism sector from the revenue (and spending) drop off during the worst times of the COVID-19 pandemic. These funds are primarily utilized for tourism expenditures. The last supplemental budget action was to establish the new Affordable Housing Fund and move funding for that purpose that had previously arrived to the City.

Total General Fund revenues ran \$325,000 behind the final budget primarily due to lower than anticipated charges for Parks and Recreation services as COVID-19 recovery stalled in FY22 (the spikes in the fall of 2021 and winter of 2021-2022). These circumstances meant the ability to provide recreational opportunities at the scale normally available to the community did not materialize as quickly as was hoped. The licenses and permits category came

City of McMinnville - Management's Discussion and Analysis

in \$360,000 higher than budgeted due to higher than anticipated payment in lieu of tax franchise revenues from McMinnville Water and Light electric customers and stronger than predicted planning fees. Total General Fund expenditures were \$4.1 million less than budget. This favorable variance in expenditures was due to budget savings in every General Fund department, some a result of building closures, the consequent reduced staffing needs and other disruptions throughout the year due to the pandemic. As with the revenue, Parks and Recreation saw a related budget variance with lower expenses because programming could not be delivered in the same ways to the numbers of patrons typically served. FY22 also saw budget savings due to challenges in filling open positions, particularly in police, fire and planning functional areas.

Capital Assets

The City's capital assets are used to provide services to the public and include land, buildings, machinery and equipment, and vehicles. Infrastructure includes streets, traffic lights, sanitary sewer lines, and storm drains.

Capital Assets
June 30, 2022 and 2021
(in millions)

| | Governmental Activities | | Business-Type Activities | | Total City | |
|-----------------------------|-------------------------|-----------------|--------------------------|----------------|-----------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 28.6 | \$ 28.6 | \$ 0.8 | \$ 0.8 | \$ 29.4 | \$ 29.4 |
| Easements | 1.9 | 2.0 | 0.2 | 0.2 | 2.1 | 2.2 |
| Public art | 0.3 | 0.3 | - | - | 0.3 | 0.3 |
| Land improvements | 31.0 | 20.6 | 0.1 | 0.1 | 31.1 | 20.7 |
| Buildings | 33.4 | 33.4 | 55.5 | 54.6 | 88.9 | 88.0 |
| Machinery and equipment | 7.2 | 7.2 | 3.3 | 2.4 | 10.5 | 9.6 |
| Vehicles | 6.4 | 6.9 | 1.0 | 1.1 | 7.4 | 8.0 |
| Infrastructure | 93.5 | 99.4 | 55.6 | 51.6 | 149.1 | 151.0 |
| Construction in progress | 0.1 | 0.3 | 4.0 | 5.5 | 4.1 | 5.8 |
| Total capital assets | 202.4 | 198.7 | 120.5 | 116.3 | 322.9 | 315.0 |
| Accumulated depreciation | (98.4) | (94.1) | (62.5) | (60.4) | (160.9) | (154.5) |
| Net capital assets | \$ 104.0 | \$ 104.6 | \$ 58.0 | \$ 55.9 | \$ 162.0 | \$ 160.5 |

Capital Assets: The City's total net capital assets increased \$1.5 million.

- Governmental activities total capital assets decreased by \$0.6 million, with depreciation outpacing new capitalized projects for the year.
- For business-type activities, total capital assets increased \$2.1 million, because wastewater infrastructure projects were completed in the year, moving out of the construction in progress category.

Additional information regarding City and Department capital assets can be found in the notes to the financial statements, Note III. C.

City of McMinnville - Management's Discussion and Analysis

Debt Administration

The City issues general obligation bonds and full faith and credit obligations to finance capital improvement projects. City debt also includes a pension related debt for the PERS transition liability.

| | Governmental Activities | | Business-Type Activities | | Total City | |
|-------------------------------|------------------------------------|----------------|-------------------------------------|---------------|-----------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| General obligation bonds | \$ 21.4 | \$ 24.4 | \$ - | \$ - | \$ 21.4 | \$ 24.4 |
| Full faith and credit | 4.6 | 5.0 | - | - | 4.6 | 5.0 |
| Pension related debt | 2.0 | 2.3 | 0.2 | 0.2 | 2.2 | 2.5 |
| Capital leases | 0.2 | 0.3 | - | - | 0.2 | 0.3 |
| Total outstanding debt | \$ 28.2 | \$ 32.0 | \$ 0.2 | \$ 0.2 | \$ 28.4 | \$ 32.2 |

Outstanding Debt: At June 30, 2022, the City had \$28.4 million in outstanding debt compared to \$32.2 million in the prior year, excluding liabilities related to other post-employment benefits (OPEB), for a net decrease of \$3.8 million. The decrease in general obligation bonds of \$3.0 million was due to planned debt service payments. Full faith and credit debt also decreased due to planned debt service payments. Pension related debt also decreased by \$0.3 million due to principal payments on the loan executed in 2017 to pay off the balance of the City's PERS transition liability. Of the total outstanding debt for governmental activities, approximately \$3.4 million is due within one year.

For business-type activities, the total debt outstanding of \$0.2 million at June 30, 2022 is pension related debt. Business type pension debt came down by \$25,000 relative the prior year due to planned principal payments in the fiscal year.

The \$21.4 million in governmental activities general obligation debt is entirely payable from property taxes levied specifically for that purpose. The remaining \$4.6 million in full faith and credit obligation and \$2.0 million in pension related debt will be repaid from general revenues of the City. City and Department outstanding debt are described in more detail in the notes to the financial statements, beginning with Note III. H.

Bond Ratings: The City maintained its Aa3 rating from Moody's Investor's Services, Inc. in its Annual Comment publication issued in August of 2020. The review was of the City's outstanding general obligation debt.

City of McMinnville - Management's Discussion and Analysis

Economic Factors and Future Operations

Governmental activities: The following economic factors currently affect the City of McMinnville's governmental activities:

- In 2022, taxable assessed property values increased by 5.2 percent compared to the prior year, per the Yamhill County Assessor. The increase in assessed values was due to growth in the value of existing property and new construction.
- Real market values increased by 9.9 percent in 2022 compared to the prior year. Real market values have been steadily increasing the last five years. For fiscal year 2022, assessed property values are 62.0 percent of real market value compared to 64.6 percent in 2021.
- The total value of commercial, industrial and residential building permits increased to \$81.5 million in 2022 compared to \$64.1 million in 2021; while there was an decrease of \$4.1 million in commercial and industrial permits, residential permits were up by \$21.5 million.
- Yamhill County unemployment rates (seasonally adjusted) have mirrored the employment trends of the state of Oregon with 3.5% unemployed in October 2022 compared to 3.9% in October 2021.
- For the fiscal year ended June 30, 2022, the assessed value of McMinnville's Urban Renewal district was \$128.6 million, an increase of 49.0 percent compared to the frozen base of \$86.3 million. The goal of the district is to promote development of the historic downtown and neighboring properties.
- The cost of employee fringe benefits, including health insurance premiums, continues to rise.
- The City's PERS employer contribution rates for the FY2019-20 and FY20-21 biennia increased by over 10 percent compared to the prior biennia. The PERS employer rates for the current biennia reflect an average increase of just over 5 percent over the previous period. Rates for FY24 and FY25 have been published and will be 5.65 percent higher than the current year's level.

Business-type activities:

- **Wastewater operations:** In 2013, City Council adopted the updated Sanitary Sewer Conveyance System Master Plan, the Water Reclamation Facilities Plan, and the Wastewater System Financial Plan. The Conveyance System and Facilities Plans established a cost-effective plan for wastewater management through 2023. The Financial Plan projected that moderate annual rate increases, as well as spending down of the substantial reserve set aside for capital projects, will allow the City to continue a "pay as you go" funding strategy for wastewater capital improvements. The City is currently updating the financial portion of the Master Plan.

Additional economic factors affecting McMinnville are described in the transmittal letter of this report.

Information Requests

The City's *Annual Comprehensive Financial Report* has been prepared to provide a general overview of the City of McMinnville's finances. Questions concerning any of the information provided in this report or requests for additional information may be directed to the City's Finance Department at 230 NE Second Street, McMinnville, OR 97128. The Finance Director may be contacted at 503-434-2350, or at jennifer.cuellar@mcminnvilleoregon.gov.



**City of
McMinnville**

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



**City of
McMinnville**

CITY OF MCMINNVILLE, OREGON
STATEMENT OF NET POSITION
June 30, 2022

| | Governmental Activities | Business-Type Activities | Total | Component Unit |
|--------------------------------------------------------------------|----------------------------|-----------------------------|----------------|----------------|
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 8,203,427 | \$ 43,167,538 | \$ 51,370,965 | \$57,261,465 |
| Accounts receivable, net | 4,128,123 | 683,471 | 4,811,594 | 4,400,917 |
| Due from component unit | 152,146 | 831,132 | 983,278 | - |
| Lease receivable | 291,259 | 11,216 | 302,475 | 13,119 |
| Prepays | 534,431 | 2,560 | 536,991 | - |
| Inventories | - | - | - | 1,927,722 |
| Other current assets | - | - | - | 2,008,562 |
| Renewable energy certificates | - | - | - | 134,099 |
| Regulatory asset-conservation charges | - | - | - | 1,038,707 |
| Internal balances | (567,208) | 567,208 | - | - |
| Restricted cash and investments | 17,087,358 | - | 17,087,358 | - |
| Total current assets | 29,829,536 | 45,263,125 | 75,092,661 | 66,784,591 |
| Noncurrent assets: | | | | |
| Lease receivable | 3,537,828 | 106,140 | 3,643,968 | 30,952 |
| Capital assets: | | | | |
| Non-depreciable | 30,907,842 | 5,032,355 | 35,940,197 | 15,953,175 |
| Depreciable, net | 73,108,801 | 53,048,725 | 126,157,526 | 131,162,223 |
| Lease asset, net | 201,282 | 7,002 | 208,284 | - |
| Net OPEB asset | 557,571 | 45,796 | 603,367 | 135,596 |
| Total noncurrent assets | 108,313,324 | 58,240,018 | 166,553,342 | 147,281,946 |
| Total assets | 138,142,860 | 103,503,143 | 241,646,003 | 214,066,537 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Deferred charge on refunding | 174,918 | - | 174,918 | - |
| Deferred outflows related to pensions | 11,125,150 | 897,939 | 12,023,089 | 5,428,334 |
| Deferred outflows related to OPEB | 216,029 | 17,743 | 233,772 | 187,558 |
| Total deferred outflows of resources | 11,516,097 | 915,682 | 12,431,779 | 5,615,892 |
| Total assets and deferred outflows of resources | \$ 149,658,957 | \$ 104,418,825 | \$ 254,077,782 | \$ 219,682,429 |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 940,953 | \$ 361,087 | \$ 1,302,040 | \$3,449,338 |
| Due to primary government | - | - | - | 983,278 |
| Accrued payroll and other payroll liabilities | 1,630,222 | 44,905 | 1,675,127 | 360,441 |
| Retainage payable | - | 116,621 | 116,621 | - |
| Deposits | 491,564 | - | 491,564 | 321,904 |
| Other liabilities | 73,152 | - | 73,152 | 824,478 |
| Unearned revenue | 5,597,645 | 4,504 | 5,602,149 | - |
| Interest payable | 403,129 | - | 403,129 | - |
| PERS related liabilities | 313,408 | 25,412 | 338,820 | - |
| Compensated absences | 224,861 | 18,431 | 243,292 | 774,952 |
| Current lease payable | 77,225 | 1,767 | 78,992 | - |
| Current debt payable | 2,847,255 | - | 2,847,255 | - |
| Total current liabilities | 12,599,414 | 572,727 | 13,172,141 | 6,714,391 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 773,822 | 78,614 | 852,436 | - |
| Net pension liability | 18,651,210 | 1,444,040 | 20,095,250 | 6,257,043 |
| Other post employment benefits | 1,350,641 | 110,935 | 1,461,576 | 1,289,993 |
| PERS related liability | 1,693,629 | 137,321 | 1,830,950 | 536,478 |
| Lease payable | 157,638 | 5,264 | 162,902 | - |
| Notes and bonds payable | 23,188,244 | - | 23,188,244 | - |
| Total noncurrent liabilities | 45,815,184 | 1,776,174 | 47,591,358 | 8,083,514 |
| Total liabilities | 58,414,598 | 2,348,901 | 60,763,499 | 14,797,905 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Deferred inflows related to pensions | 15,968,549 | 1,287,724 | 17,256,273 | 5,058,643 |
| Deferred inflows related to OPEB | 987,450 | 81,104 | 1,068,554 | 515,166 |
| Deferred inflows related to leases | 3,829,087 | 117,356 | 3,946,443 | 44,071 |
| Total deferred inflows of resources | 20,785,086 | 1,486,184 | 22,271,270 | 5,617,880 |
| NET POSITION: | | | | |
| Net investment in capital assets | 78,122,481 | 57,964,430 | 136,086,911 | 147,115,398 |
| Restricted for: | | | | |
| Aiport | 617,091 | - | 617,091 | - |
| Capital projects | 3,480,963 | - | 3,480,963 | - |
| Debt service | 463,398 | - | 463,398 | - |
| OPEB benefits | 557,571 | 45,796 | 603,367 | 135,596 |
| Unrestricted | (12,782,231) | 42,573,514 | 29,791,283 | 52,015,650 |
| Total net position | 70,459,273 | 100,583,740 | 171,043,013 | 199,266,644 |
| Total liabilities, deferred inflows of resources, and net position | \$ 149,658,957 | \$ 104,418,825 | \$ 254,077,782 | \$ 219,682,429 |

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--------------------------------|-----------------|-----------------------------|-------------------------------------------|-----------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary Government | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,324,485 | \$ 3,982,289 | \$ 562,335 | \$ - |
| Public safety | 18,315,116 | 5,068,100 | 199,901 | - |
| Highways and streets | 3,388,601 | 678,038 | 9,908 | 1,054,427 |
| Culture and recreation | 6,052,570 | 983,424 | 248,299 | 24,348 |
| Community development | 2,627,751 | 1,425,276 | 752,665 | - |
| Airport | 635,814 | 401,744 | 59,057 | 1,326,403 |
| Interest on long-term debt | 838,170 | - | - | - |
| Total governmental activities | 38,182,507 | 12,538,871 | 1,832,165 | 2,405,178 |
| Business-type activities: | | | | |
| Wastewater | 6,595,608 | 10,826,206 | 23,894 | 1,836,717 |
| Total business-type activities | 6,595,608 | 10,826,206 | 23,894 | 1,836,717 |
| Total government | \$ 44,778,115 | \$ 23,365,077 | \$ 1,856,059 | \$ 4,241,895 |
| Component Unit | | | | |
| Water and Light | \$ 50,509,633 | \$ 50,839,486 | \$ 60,033 | \$ 2,878,686 |

General revenues:
Taxes:
Property taxes
Franchise taxes
Transient lodging tax
State shared revenue
Unrestricted interest and investment earnings
Timber sales, net of related expenses
Miscellaneous revenues
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning

Change in accounting principle - GASB 87

Net position, ending

The accompanying notes are an integral part of these financial statements

| Net (Expense) Revenue and Change in Net Position | | | |
|-----------------------------------------------------|--------------------------------|----------------|-----------------------------------|
| Governmental Activities | Business Type Activities | Total | Component Unit Water and Light |
| \$ (1,779,861) | \$ - | \$ (1,779,861) | \$ - |
| (13,047,115) | - | (13,047,115) | - |
| (1,646,228) | - | (1,646,228) | - |
| (4,796,499) | - | (4,796,499) | - |
| (449,810) | - | (449,810) | - |
| 1,151,390 | - | 1,151,390 | - |
| (838,170) | - | (838,170) | - |
| (21,406,293) | - | (21,406,293) | - |
| - | 6,091,209 | 6,091,209 | - |
| - | 6,091,209 | 6,091,209 | - |
| (21,406,293) | 6,091,209 | (15,315,084) | - |
| | | | 3,268,572 |
| 18,461,342 | - | 18,461,342 | - |
| 3,939,329 | - | 3,939,329 | - |
| 1,657,452 | - | 1,657,452 | - |
| 4,192,269 | - | 4,192,269 | - |
| 41,798 | 191,645 | 233,443 | 344,343 |
| - | - | - | 3,067,357 |
| 766,100 | 26,670 | 792,770 | 865,991 |
| (15,038) | 15,038 | - | - |
| 29,043,252 | 233,353 | 29,276,605 | 4,277,691 |
| 7,636,959 | 6,324,562 | 13,961,521 | 7,546,263 |
| 62,490,314 | 94,259,178 | 156,749,492 | 191,720,381 |
| 332,000 | - | 332,000 | - |
| \$ 70,459,273 | \$ 100,583,740 | \$ 171,043,013 | \$ 199,266,644 |

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, intergovernmental and charges for services. Expenditures are for police, municipal court, fire and ambulance services, parks and recreation, park maintenance, library, engineering, planning, administration, and finance.

Airport Maintenance Fund

This fund accounts for fees for airport services, including building, hangar, and land lease rental payments. Revenue is committed for airport operations.

Grants and Special Assessment Fund

This fund accounts for both federal and state grants in addition to downtown economic improvement district (DEID) assessments, which are collected by the City and turned over to the McMinnville Downtown Association.

Transportation Fund

This fund accounts for federal highway funds, which the City exchanges with the State of Oregon.

Debt Service Fund

This fund accounts for the City's property tax debt service levy used to pay principal and interest on general obligation bonds.

Urban Renewal Debt Services Fund

This fund accounts for urban renewal tax increment revenue and payment of principal and interest on urban renewal debt.

CITY OF MCMINNVILLE, OREGON
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 June 30, 2022

| | General Fund | Airport Maintenance Fund | Grants and Special Assessment Fund | Transportation Fund | Debt Service Fund | Urban Renewal Debt Services Fund | Total Non-Major Governmental Funds | Total Governmental |
|--------------------------------------------------------------------------------|----------------------|--------------------------------|---------------------------------------------|------------------------|----------------------|----------------------------------------|---------------------------------------------|-----------------------|
| ASSETS: | | | | | | | | |
| Cash and cash equivalents | \$ 7,418,393 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,418,393 |
| Accounts receivable, net | 3,009,980 | 115,025 | 8,638 | - | 154,745 | 21,824 | 817,898 | 4,128,110 |
| Lease receivable | 317,976 | 3,511,111 | - | - | - | - | - | 3,829,087 |
| Prepays | 29,884 | 152 | - | - | - | - | - | 30,036 |
| Advances to other funds | 174,026 | - | - | - | - | - | - | 174,026 |
| Due from component unit | 152,146 | - | - | - | - | - | - | 152,146 |
| Interfund loan receivables | 1,610,060 | - | - | - | - | - | - | 1,610,060 |
| Restricted cash and investments | - | 651,939 | 3,587,209 | 3,484,092 | 434,914 | 577,706 | 8,351,498 | 17,087,358 |
| Total assets | \$ 12,712,465 | \$ 4,278,227 | \$ 3,595,847 | \$ 3,484,092 | \$ 589,659 | \$ 599,530 | \$ 9,169,396 | \$ 34,429,216 |
| LIABILITIES: | | | | | | | | |
| Accounts payable and accrued expenses | \$ 352,365 | \$ 17,089 | \$ - | \$ 3,129 | \$ - | \$ - | \$ 491,434 | \$ 864,017 |
| Accrued payroll and other payroll liabilities | 1,586,944 | 579 | - | - | - | - | 30,352 | 1,617,875 |
| Deposits | 491,564 | - | - | - | - | - | - | 491,564 |
| Advances to other funds | - | - | - | - | - | - | 174,026 | 174,026 |
| Interfund loans payable | 567,208 | - | - | - | - | 1,610,060 | - | 2,177,268 |
| Unearned revenue | 121,465 | 28,714 | 3,438,451 | - | - | - | 2,009,015 | 5,597,645 |
| Total liabilities | 3,119,546 | 46,382 | 3,438,451 | 3,129 | - | 1,610,060 | 2,704,827 | 10,922,395 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | | |
| Unavailable revenue - property taxes | 594,906 | - | - | - | 126,261 | 17,050 | - | 738,217 |
| Unavailable revenue - other | 960,167 | 103,491 | 8,638 | - | - | - | 732 | 1,073,028 |
| Unavailable revenue - payment in lieu of taxes | 152,146 | - | - | - | - | - | - | 152,146 |
| Unavailable revenue - leases receivable | 317,976 | 3,511,111 | - | - | - | - | - | 3,829,087 |
| Total deferred inflows of resources | 2,025,195 | 3,614,602 | 8,638 | - | 126,261 | 17,050 | 732 | 5,792,478 |
| FUND BALANCES: | | | | | | | | |
| Nonspendable | 29,884 | 152 | - | - | - | - | - | 30,036 |
| Restricted | - | 617,091 | 148,758 | 3,480,963 | 463,398 | - | 4,384,700 | 9,094,910 |
| Committed | - | - | - | - | - | - | 152,469 | 152,469 |
| Assigned | 833,933 | - | - | - | - | - | 1,926,668 | 2,760,601 |
| Unassigned | 6,703,907 | - | - | - | - | (1,027,580) | - | 5,676,327 |
| Total fund balances | 7,567,724 | 617,243 | 148,758 | 3,480,963 | 463,398 | (1,027,580) | 6,463,837 | 17,714,343 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 12,712,465 | \$ 4,278,227 | \$ 3,595,847 | \$ 3,484,092 | \$ 589,659 | \$ 599,530 | \$ 9,169,396 | \$ 34,429,216 |

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------|
| Total fund balances - governmental funds | | \$ 17,714,343 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Prepaid Leases are not financial resources and therefore are not reported in the governmental funds. | | 163,335 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | |
| Non-depreciable | 30,907,842 | |
| Depreciable, net | 72,688,273 | |
| Lease assets, net | <u>201,282</u> | 103,797,397 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds: | | |
| Property taxes earned but not available | 738,217 | |
| Other receivables earned but not available | 1,070,886 | |
| Payment in lieu of taxes earned but not available | <u>154,288</u> | 1,963,391 |
| Pension-related changes | | (23,009,535) |
| OPEB related-changes | | (1,530,501) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Compensated absences payable | (947,803) | |
| Lease payable | (234,863) | |
| Notes and bonds payable | (26,035,499) | |
| PERS related liabilities | (1,963,642) | |
| Deferred amount on bond refunding | 174,918 | |
| Interest payable | <u>(403,129)</u> | (29,410,018) |
| Internal service funds are used by management to charge costs of insurance and information systems and services to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | <u>770,861</u> |
| Total net position - governmental activities | | <u><u>\$ 70,459,273</u></u> |

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2022

| | General Fund | Airport Maintenance Fund | Grants and Special Assessment Fund | Transportation Fund | Debt Service Fund | Urban Renewal Debt Services Fund | Total Non-Major Governmental Funds | Total Governmental |
|---------------------------------------------|---------------------|--------------------------------|---------------------------------------------|------------------------|----------------------|----------------------------------------|---------------------------------------------|-----------------------|
| REVENUES: | | | | | | | | |
| Property taxes | \$ 15,088,868 | \$ - | \$ - | \$ - | \$ 2,790,670 | \$ 518,537 | \$ - | \$ 18,398,075 |
| Special assessments | - | - | 74,910 | - | - | - | - | 74,910 |
| Licenses and permits | 4,149,546 | - | - | - | - | - | 2,923,623 | 7,073,169 |
| Intergovernmental | 3,910,352 | 1,385,460 | 176,417 | 201,248 | - | - | 2,772,964 | 8,446,441 |
| Charges for services | 5,419,389 | 390,969 | - | 678,011 | - | - | 416,730 | 6,905,099 |
| Fines and forfeitures | 359,948 | - | - | - | - | - | - | 359,948 |
| Miscellaneous | 804,271 | 22,837 | 21,873 | 13,126 | 11,531 | 2,430 | 109,505 | 985,573 |
| Total revenues | 29,732,374 | 1,799,266 | 273,200 | 892,385 | 2,802,201 | 520,967 | 6,222,822 | 42,243,215 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,759,467 | - | 258,237 | - | - | - | 1,414,742 | 4,432,446 |
| Public safety | 18,129,438 | - | - | - | - | - | 830,045 | 18,959,483 |
| Highways and streets | - | - | - | 165,195 | - | - | 2,142,117 | 2,307,312 |
| Culture and recreation | 5,539,165 | - | - | - | - | - | 50,301 | 5,589,466 |
| Community development | 1,774,858 | - | - | - | - | - | 912,521 | 2,687,379 |
| Airport | - | 461,955 | - | - | - | - | - | 461,955 |
| Nondepartmental | 6,474 | - | - | - | - | - | - | 6,474 |
| Capital outlay: | | | | | | | | |
| Highways and streets | - | - | - | 175,725 | - | - | 654 | 176,379 |
| Community development | - | - | - | - | - | - | 762 | 762 |
| Airport | - | 1,272,907 | - | - | - | - | - | 1,272,907 |
| Debt service: | | | | | | | | |
| Principal | 468,660 | - | - | 146,097 | 2,710,000 | - | 30,333 | 3,355,090 |
| Interest | 114,489 | - | - | 55,151 | 924,900 | 35,177 | 6,839 | 1,136,556 |
| Total expenditures | 28,792,551 | 1,734,862 | 258,237 | 542,168 | 3,634,900 | 35,177 | 5,388,314 | 40,386,209 |
| Revenues over (under) expenditures | 939,823 | 64,404 | 14,963 | 350,217 | (832,699) | 485,790 | 834,508 | 1,857,006 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Proceeds from sale of capital assets | 30,267 | - | - | - | - | - | - | 30,267 |
| Transfers in | 604,255 | - | - | 200,000 | - | - | 868,527 | 1,672,782 |
| Transfers out | (819,281) | - | - | - | - | (40,221) | (687,753) | (1,547,255) |
| Total other financing sources (uses) | (184,759) | - | - | 200,000 | - | (40,221) | 180,774 | 155,794 |
| Net change in fund balance | 755,064 | 64,404 | 14,963 | 550,217 | (832,699) | 445,569 | 1,015,282 | 2,012,800 |
| FUND BALANCE, BEGINNING | 6,812,660 | 552,839 | 133,795 | 2,930,746 | 1,296,097 | (1,473,149) | 5,448,555 | 15,701,543 |
| FUND BALANCE, ENDING | \$ 7,567,724 | \$ 617,243 | \$ 148,758 | \$ 3,480,963 | \$ 463,398 | \$ (1,027,580) | \$ 6,463,837 | \$ 17,714,343 |

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Amounts reported in the statement of activities are different because:

Net change in fund balance \$ 2,012,800

Governmental funds report lease payments as expenditures. However, for governmental activities the cost of those assets is allocated over the life of the lease. This is the amount of prepaid lease recognized as an expense when earned. (2,665)

The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.

| | | |
|---------------------------|-------------|-------------|
| Current year depreciation | (4,828,985) | |
| Current year amortization | (16,840) | |
| Loss on disposal of asset | (68,566) | |
| Capital asset additions | 3,554,941 | (1,359,450) |

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.

Capital contributions 853,179

Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities. 702,571

Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 1,422,065

Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB earned net of employee contributions is reports as OPEB expense. 166,390

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 expense | 57,749 | |
| Interest expense associated with deferred charge on refunding | (36,825) | 20,924 |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | | |
|---------------------------------|-----------|-----------|
| Changes in compensated absences | 86,280 | |
| Lease principal payments | 14,783 | |
| Debt service principal payments | 3,460,106 | |
| PERS related liability payments | 286,469 | 3,847,638 |

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (26,493)

Change in net position of governmental activities \$ 7,636,959

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges.

Wastewater Operations

Wastewater Services Fund

This fund accounts for charges for services to support wastewater operations and rate payer transfer to the Wastewater Capital Fund.

Wastewater Capital Fund

This fund is used to account for system development charges earmarked for design and construction of major wastewater system capital projects

For Generally Accepted Accounting Principles purposes, the Wastewater Services and Wastewater Capital funds are consolidated and included as a single enterprise fund.

Internal Service Funds

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Informational Systems & Services Fund

This fund accounts for information technology services provided to operating departments by the IS Fund.

Insurance Services Fund

This fund charges operating departments for the cost of property, liability and workers' compensation premiums and claims.

CITY OF MCMINNVILLE, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2022

| | Business-Type Activities - Enterprise Funds | | Governmental Activities |
|-----------------------------------------------------------------------|------------------------------------------------|----------------|----------------------------|
| | Wastewater Operations | Total | Internal Service Funds |
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 43,167,538 | \$ 43,167,538 | \$ 785,034 |
| Accounts receivable, net | 683,471 | 683,471 | 13 |
| Due from component unit | 831,132 | 831,132 | - |
| Lease receivable, current portion | 11,216 | 11,216 | - |
| Prepaid expenses | 2,560 | 2,560 | 341,060 |
| Interfund loan receivable | 567,208 | 567,208 | - |
| Total current assets | 45,263,125 | 45,263,125 | 1,126,107 |
| Noncurrent assets: | | | |
| Lease receivable | 106,140 | 106,140 | - |
| Non-depreciable capital assets | 5,032,355 | 5,032,355 | - |
| Capital assets, net | 53,048,725 | 53,048,725 | 420,528 |
| Lease assets, net | 7,002 | 7,002 | - |
| Net OPEB asset | 45,796 | 45,796 | 12,114 |
| Total noncurrent assets | 58,240,018 | 58,240,018 | 432,642 |
| Total assets | 103,503,143 | 103,503,143 | 1,558,749 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows related to pensions | 897,939 | 897,939 | 237,518 |
| Deferred outflows related to OPEB | 17,743 | 17,743 | 4,693 |
| Total deferred outflows of resources | 915,682 | 915,682 | 242,211 |
| Total assets and deferred outflows of resources | \$ 104,418,825 | \$ 104,418,825 | \$ 1,800,960 |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 361,087 | \$ 361,087 | \$ 76,936 |
| Accrued payroll and other payroll liabilities | 44,905 | 44,905 | 12,347 |
| Claims payable | - | - | 73,152 |
| Unearned revenue | 4,504 | 4,504 | - |
| Retainage payable | 116,621 | 116,621 | - |
| Pension related liabilities - due in one year | 25,412 | 25,412 | 6,776 |
| Accrued compensated absences | 18,431 | 18,431 | 8,430 |
| Current portion of lease payable | 1,767 | 1,767 | - |
| Total current liabilities | 572,727 | 572,727 | 177,641 |
| Noncurrent liabilities: | | | |
| Noncurrent portion of lease payable | 5,264 | 5,264 | - |
| Accrued compensated absences | 78,614 | 78,614 | 42,450 |
| Net pension liability | 1,444,040 | 1,444,040 | 381,970 |
| Net OPEB liability | 110,935 | 110,935 | 29,344 |
| Pension related liabilities | 137,321 | 137,321 | 36,619 |
| Total noncurrent liabilities | 1,776,174 | 1,776,174 | 490,383 |
| Total liabilities | 2,348,901 | 2,348,901 | 668,024 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflows related to pensions | 1,287,724 | 1,287,724 | 340,622 |
| Deferred inflows related to OPEB | 81,104 | 81,104 | 21,453 |
| Deferred inflows related to lease receivables | 117,356 | 117,356 | - |
| Total deferred inflows of resources | 1,486,184 | 1,486,184 | 362,075 |
| NET POSITION: | | | |
| Net investment in capital assets | 57,964,430 | 57,964,430 | 420,528 |
| Restricted for: | | | |
| OPEB benefits | 45,796 | 45,796 | 12,114 |
| Unrestricted | 42,573,514 | 42,573,514 | 338,219 |
| Total net position | 100,583,740 | 100,583,740 | 770,861 |
| Total liabilities, deferred inflows of resources, and net position | \$ 104,418,825 | \$ 104,418,825 | \$ 1,800,960 |

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

| | Business-Type Activities - Enterprise Funds | | Governmental Activities |
|-------------------------------------------|---------------------------------------------|----------------|-------------------------|
| | Wastewater Operations | Total | Internal Service Funds |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 10,805,702 | \$ 10,805,702 | \$ 2,433,863 |
| Intergovernmental | 23,894 | 23,894 | 76,815 |
| Miscellaneous | 20,504 | 20,504 | 57,145 |
| Total operating revenues | 10,850,100 | 10,850,100 | 2,567,823 |
| OPERATING EXPENSES: | | | |
| Personnel service | 1,914,440 | 1,914,440 | 564,110 |
| Materials and service | 2,542,671 | 2,542,671 | 1,876,878 |
| Depreciation/amortization | 2,138,420 | 2,138,420 | 15,680 |
| Total operating expenses | 6,595,531 | 6,595,531 | 2,456,668 |
| Operating income (loss) | 4,254,569 | 4,254,569 | 111,155 |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Interest income | 191,645 | 191,645 | 2,917 |
| Interest expense | (77) | (77) | - |
| Other revenue | 26,670 | 26,670 | - |
| Total non-operating revenues (expenses) | 218,238 | 218,238 | 2,917 |
| Net income (loss) before transfers | 4,472,807 | 4,472,807 | 114,072 |
| TRANSFERS: | | | |
| Transfers from other funds | 15,038 | 15,038 | - |
| Transfers to other funds | - | - | (140,565) |
| Total transfers | 15,038 | 15,038 | (140,565) |
| Net income (loss) before contributions | 4,487,845 | 4,487,845 | (26,493) |
| CAPITAL CONTRIBUTIONS: | | | |
| Capital contributions - infrastructure | 1,071,475 | 1,071,475 | - |
| Capital contributions - grants and fees | 765,242 | 765,242 | - |
| Total capital contributions | 1,836,717 | 1,836,717 | - |
| Change in net position | 6,324,562 | 6,324,562 | (26,493) |
| NET POSITION, BEGINNING | 94,259,178 | 94,259,178 | 797,354 |
| NET POSITION, ENDING | \$ 100,583,740 | \$ 100,583,740 | \$ 770,861 |

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

| | Business-Type Activities - Enterprise Funds | | Governmental Activities |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------|----------------------------|
| | Wastewater Operations | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers and users | \$ 10,941,595 | \$ 10,941,595 | \$ - |
| Cash received from interfund services provided | - | - | 2,550,660 |
| Cash received from other operating sources - insurance reimbursements | - | - | 57,145 |
| Cash paid to employees and others for salaries and benefits | (2,130,028) | (2,130,028) | (530,221) |
| Cash paid to suppliers and others | (2,793,673) | (2,793,673) | (1,994,320) |
| Cash received for rental revenue | 26,670 | 26,670 | - |
| Net cash provided by (used for) operating activities | 6,044,564 | 6,044,564 | 83,264 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | |
| Principal paid on pension-related obligations | (23,740) | (23,740) | (6,331) |
| Transfers to/(from) other funds | 15,038 | 15,038 | (140,565) |
| Interfund loan payments | 144,069 | 144,069 | - |
| Net cash provided by (used for) non-capital financing activities | 135,367 | 135,367 | (146,896) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Purchase of capital assets | (3,265,060) | (3,265,060) | (33,675) |
| Principal paid on lease payable | (1,756) | (1,756) | - |
| Capital contributions to other governments | 765,242 | 765,242 | - |
| Interest paid | (77) | (77) | - |
| Net cash provided by (used for) capital and related financing activities | (2,501,651) | (2,501,651) | (33,675) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | 191,645 | 191,645 | 2,917 |
| Net cash provided by investing activities | 191,645 | 191,645 | 2,917 |
| Net increase (decrease) in cash and cash equivalents | 3,869,925 | 3,869,925 | (94,390) |
| CASH AND CASH EQUIVALENTS, BEGINNING | 39,297,613 | 39,297,613 | 879,424 |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 43,167,538</u> | <u>\$ 43,167,538</u> | <u>\$ 785,034</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | |
| Operating Income | \$ 4,254,569 | \$ 4,254,569 | \$ 111,155 |
| Adjustments: | | | |
| Cash from rental activities, recognized as non-operating on the Statement of Revenue, Expenses, and Changes in Net Position | 26,670 | 26,670 | - |
| Depreciation and amortization | 2,138,420 | 2,138,420 | 15,680 |
| Amortization of deferred lease resources | 117,356 | 117,356 | - |
| Decrease (increase) in: | | | |
| Accounts receivable and due from other funds | (107,038) | (107,038) | 39,982 |
| Due from component unit | 82,586 | 82,586 | - |
| Prepays | 136 | 136 | (15,622) |
| Increase (decrease) in: | | | |
| Accounts payable | (338,006) | (338,006) | (26,631) |
| Accrued payroll and other payroll liabilities | 1,105 | 1,105 | - |
| Retainage payable | 86,868 | 86,868 | 3,344 |
| Unearned revenue | (1,409) | (1,409) | - |
| Compensated absences | (1,639) | (1,639) | 5,747 |
| Net other post employment benefits | (19,444) | (19,444) | 407 |
| Net pension benefits | (195,610) | (195,610) | 24,391 |
| Other liabilities | - | - | (75,189) |
| Net cash provided by (used for) operating activities | <u>\$ 6,044,564</u> | <u>\$ 6,044,564</u> | <u>\$ 83,264</u> |
| NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | |
| Capital contributions to other governments | \$ 1,071,475 | \$ 1,071,475 | \$ - |
| Total non-cash capital financing activities | <u>\$ 1,071,475</u> | <u>\$ 1,071,475</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements

City of McMinnville, Oregon
Notes to Basic Financial Statements
Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The financial statements of the City of McMinnville, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

B. Reporting Entity

1. Primary Government

The City of McMinnville, Oregon (City), an Oregon municipal corporation, is organized under the general laws of the State of Oregon and the provisions of the *McMinnville City Charter*. The City's council-manager form of government provides for a governing body, or legislative branch, consisting of the Mayor and a six-member City Council. The Mayor and City Council appoint a City Manager who, along with the City department heads, form a management team to lead and direct the administrative and service functions of the City and carry out City Council policy.

The accompanying basic financial statements present the City and its component units, McMinnville Water and Light Department (Department) and McMinnville Urban Renewal Agency (Agency). The Department is a discretely presented component unit and as such is reported in a separate column in the government-wide financial statements to emphasize the Department's separate enterprise operations. The City and the Department have June 30th fiscal year ends.

Various other governmental agencies and special service districts provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly, their financial information is not included in these basic financial statements.

2. Blended Component Unit

In accordance with GASB Statement No. 61, the activities of the McMinnville Urban Renewal Agency (the Agency) are included in the City's financial statements as a blended component unit. The Agency is a legally separate entity, created in July 2013, which is governed by a board comprised of the City Council, as stipulated in the bylaws. The Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The purpose of the Agency is to undertake urban renewal projects and activities pursuant to the City's downtown and NE Gateway District redevelopment plans. The financial results of the Agency are reported herein as one debt service fund and one capital projects fund. The Agency also prepares a separate component unit financial report which may be obtained from the Agency's administrative offices at 230 NE Second Street, McMinnville, Oregon 97128.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

3. Discretely Presented Component Unit

The Department, which operates under the provisions of *Chapter X* of the *McMinnville City Charter*, is reported as a discretely presented component unit enterprise fund type. The Department provides electricity and water to residential and commercial customers in the city limits and adjacent areas of McMinnville, Oregon. The Department's governing board, the five-member Water and Light Commission, appoints a General Manager who is responsible for the day-to-day operations of the Department.

The Department is presented as a discretely presented component unit as the City's Mayor appoints and the City Council affirms all members of the Department's Water and Light Commission. While the Department operates as a separate financial entity, the City receives significant payments from the Department based on a percentage established by the City Council and as outlined in state law for municipal electric utilities that are otherwise exempt from property taxes.

Financial statements for the Department may be obtained at the McMinnville Water and Light Department, Administrative Office, 855 Marsh Lane, McMinnville, Oregon 97128.

C. Basic Financial Statements

1. Government-Wide Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements present information about the primary government and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided and used between funds which, if eliminated, would distort the direct costs and program revenues reported for the various functions. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position.

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. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from a function or segment or are otherwise directly affected by it; 2) operating grants and contributions that are restricted to meeting requirements of a particular function or segment; and 3) capital grants and contributions that are restricted to meeting requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

2. Fund Financial Statements

Fund financial statements present information at the individual fund level. Funds are classified and summarized as governmental, proprietary, or fiduciary type. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column in the fund financial statements and are detailed in the supplemental information. Internal service funds are also combined into a single column in the fund financial statements and are detailed in the supplemental information. The City does not report any fiduciary funds.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

D. Measurement Focus and Basis of Accounting

Government-wide financial statements and proprietary fund financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time 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 revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets are capitalized and depreciated, and City debt is reported as a liability with premiums and discounts amortized over the life of the debt.

Governmental fund financial statements are presented 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*. *Measurable* means the amount of the transaction can be determined and revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of year end. Property taxes, franchise fees from the Department, assessment liens, and state shared revenues are susceptible to the year-end 60-day accrual. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

E. Financial Statement Presentation

The financial transactions of the City are recorded in individual funds. A fund is an independent accounting entity with a self-balancing set of accounts comprised of assets, liabilities, deferred inflows/outflows of resources, fund balances, revenues, and expenditures. Fund accounting segregates resources according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Accounting principles generally accepted in the United States of America (GAAP) set forth minimum criteria for the determination of major funds. The City elected to include the Airport Maintenance Fund as a major funds due to community interest.

The City reports the following major governmental funds:

- General Fund – is the City’s primary operating fund. It 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; licenses and permits, which includes franchise fees; intergovernmental revenues; and charges for services. Expenditures are for police, municipal court, fire and ambulance services, parks and recreation, park maintenance, library, engineering, planning, administration, and finance.
- Airport Maintenance Fund – is a special revenue fund which accounts for airport property rental income committed for operations and Federal Aviation Administration (FAA) grants restricted for airport improvement projects.
- Grants and Special Assessment Fund – accounts for both federal and state grants in addition to downtown economic improvement district (DEID) assessments, which are collected by the City and turned over to the McMinnville Downtown Association.
- Debt Service Fund – accounts for property taxes levied for payment of principal and interest on general obligation bonds.
- Urban Renewal Debt Service Fund – accounts for urban renewal tax increment revenue and payment of principal and interest on urban renewal debt.
- Transportation Fund – accounts for the acquisition and construction of major capital projects related to highways and roads.

Additionally, the City reports non-major funds within the governmental classification which include the following fund types:

- Special Revenue Funds – account for revenue sources that are restricted or committed to expenditures for specific purposes.
- Capital Projects Funds – account for the acquisition and construction of major capital projects other than those being financed by proprietary funds.

The City reports the following major enterprise funds:

- Wastewater Fund – combines budgetary basis Wastewater Services Fund and Wastewater Capital Fund for full accrual presentation.
 - Wastewater Services Fund – accounts for charges for services to support wastewater operations and rate payer transfer to the Wastewater Capital Fund.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

- Wastewater Capital Fund – accounts for sanitary sewer system development charges used for major sanitary sewer system construction projects and transfers from the Wastewater Services Fund supporting debt service and major capital projects.

The City also reports internal service funds within the proprietary fund type. The City's internal service funds include the Insurance Services Fund which accounts for the City's property, liability, and workers' compensation insurance and the Informational Systems and Services Fund which accounts for computer support, including personnel services, repairs and maintenance, and software and hardware purchases.

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

Cash and investments, including restricted cash and investments, consist of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and the State of Oregon Local Government Investment Pool (LGIP) deposits. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

The LGIP is administered by the Oregon State Treasury. The LGIP is an 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 public funds. The LGIP is commingled with the state's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio consists of investments in the LGIP and a Public Money Market Savings account.

Investments are stated at fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue. GASB Statement 72, *Fair Value Measurement and Application* provides a fair value hierarchy that prioritized the inputs for valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

2. Receivables and Payables

Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year, as well as all other outstanding balances between funds or between the primary government and its component unit are referred to as "due to", "advance to" or "due from", "advance from" other funds or component unit. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes are assessed as of January 1 and become a lien as of July 1 on all taxable property. Property taxes are due on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due or two-thirds of the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

In the government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. In the fund financial statements, property taxes receivable which have been collected within 60 days subsequent to year-end are considered *measurable* and *available* and are

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

recognized as revenues. All other property taxes receivable are offset by deferred inflows of resources as they are deemed unavailable to finance operations of the current period.

In the government-wide financial statements an allowance for uncollectible accounts is recorded in the Department. No allowance for uncollectible accounts is recorded for sewer charges as uncollectible accounts are deemed immaterial. No allowance for uncollectible accounts is considered necessary in governmental activities as receivables either become property liens when past due or are considered immaterial.

Receivables of the proprietary fund types and the Department are recorded as revenue when earned. Accounts receivables in the Department also include estimated revenues, that are accrued for power and water deliveries not yet billed to customers from meter reading dates prior to month end (unbilled revenue) and are reversed in the following year when the billings occur. In the Department, the allowance for uncollectible accounts is determined by considering a number of factors, including the length of time trade accounts receivable are past due, the customer's previous loss history, the customer's current ability to pay its obligation, and the condition of the general economy and the industry as a whole.

3. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

4. Inventories and Prepaid Items

Inventories of the Department are valued at the lower of average cost or market and charged against operations or construction in progress as used.

In both government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future City accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Certain cash and investments are restricted, including unspent proceeds from bond and other debt issues, and certain monies received for capital improvements.

6. Capital Assets

In the government-wide financial statements, capital assets include property, plant, equipment, infrastructure assets (streets, traffic lights, storm drain, and sanitary sewer), and intangible assets (easements and land rights) and are reported in the applicable governmental activity, business-type activity, or component unit columns. In the governmental fund financial statements, capital assets are charged to expenditures as purchased; while in the proprietary fund financial statements, capital assets are capitalized when purchased.

Capital assets are defined by the City as assets with an initial cost of \$10,000 or more and an estimated useful life of more than one year. With respect to the Department, utility plant is stated at cost and includes property, plant, and equipment with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Cost generally includes materials, labor and an allocation of overhead costs. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets' lives are not capitalized. Assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Interest incurred during the construction phase of proprietary fund type's capital assets is reflected in

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

All easements and infrastructure assets, including those acquired before the fiscal year ended June 30, 1980, have been capitalized. Estimated historical cost has been determined by estimating current cost and trending back to the acquisition date using an applicable cost index. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Land, land rights, and easements have an indefinite life and therefore are not amortized. Exhaustible assets of the City and the Department are depreciated using the straight-line method.

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

| <u>Assets</u> | <u>Years</u> |
|--------------------------------------|--------------|
| City: | |
| Land improvements | 20 |
| Buildings and building improvements | 20-50 |
| Computer equipment | 4-5 |
| Machinery and equipment | 5-15 |
| Vehicles | 5-10 |
| Computer infrastructure | 10-50 |
| Street and sewer infrastructure | 20-50 |
| Department: | |
| Office and other equipment | 5-10 |
| Transportation and equipment | 5-10 |
| Electricity and water infrastructure | 20-100 |

7. Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

8. Renewable Energy Certificates

Renewable Energy Certificates (REC or Certificate) are a unique representation of the environmental, economic, and social benefits associated with the generation of electricity from renewable energy sources that produce qualifying electricity. One Certificate is created in association with the generation of one megawatt-hour (MWh) of qualifying electricity. While a Certificate is always directly associated with the generation of one MWh of electricity, transactions for Certificates may be conducted independently of transactions for the associated electricity.

The Department receives RECs as part of the purchase agreement with Bonneville Power Administration for buying Green Energy Premium Wind. The Department also receives RECs as part of the renewable energy purchased from Waste Management Renewable Energy (WMRE). These RECs are also available for sale at market prices or are banked to satisfy future Oregon Renewable Portfolio Standard obligations. Markets for the sale of RECs are very limited at the present time. Future sales will be transaction specific and subject to approval by the governing body of the Department.

9. Compensated Absences

The City's and Department's policies permit employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. No liability is reported for unpaid accumulated sick leave benefits as sick leave benefits do not vest. In the government-wide and proprietary fund financial statements, all vacation and compensatory time is accrued when incurred. Management uses historical

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

averages to estimate the current portion of compensated absences for the City. The Department considers all compensated absences as current liabilities. For governmental activities, compensated absences are generally liquidated by the fund that incurred the liability. The significant fund incurring these liabilities is the General Fund. In the governmental fund financial statements, a liability for compensated absences is reported only if they have matured and thus become due.

10. Lease Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position.

11. Long-Term Debt

In the government-wide and proprietary fund type financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Premiums, discounts and deferred amounts on refunding are amortized over the life of the related debt issue. Long-term debt payable is reported net of the related unamortized premium or discount. Issuance costs are reported as period costs in the year of issue.

In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums are also reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

12. Pensions

A pension liability is reported in government-wide and proprietary fund financial statements as a liability in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Interest and amortization are reported as pension expense in the government-wide statement of activities for governmental and business-type activities, and as operating expense in the proprietary funds.

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

13. Other Postemployment Benefit Obligations

For purposes of measuring the OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City and Department's two separate plans the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems (OPERS) and additions to/deductions from Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows that qualify for reporting in this category. *Unavailable revenue* is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The governmental funds report unavailable revenues from five sources: property taxes, payments in lieu of taxes assessments, and lease receivables where a timing requirement has not been met and grants that have been approved for payment that have not been received within 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to pension and OPEB. These amounts are deferred and recognized as inflows of resources in the period when the City recognizes pension and OPEB income. Deferred inflows are included in the government-wide statement of net position and the proprietary funds statement of net position.

15. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

16. Fund Balance

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

Fund balance is reported as *nonspendable* when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepayments.

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

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority are reported as *committed* fund balances. The City reports fund balances as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as *assigned* fund balance. Intent is expressed when the City Council approves certain amounts during the adoption of the annual budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to report deficit fund balance amounts in other governmental funds.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. For unrestricted fund balance amounts, the City considers that committed amounts are

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

A formal fund balance policy was updated and adopted by the City Council in fiscal year 2020-21. The fund balance policy establishes a goal for General Fund unassigned fund balance levels and is intended to serve as a guide for important budgetary decisions. It also establishes fund balance targets for other City funds. For the General Fund, two months of budgeted operating expense is the target for unassigned ending fund balance, excluding the assigned ending fund balance for the volunteer firefighters' Length of Service Award Program (LOSAP). The City plans to make progress toward this two-month's operating reserve target over three to five years (in or prior to the FY2025-26 budget cycle).

G. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows, the disclosure of contingent assets, liabilities and deferred inflows at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

All City governmental funds adopt annual budgets on a budgetary basis of accounting, which is similar to the modified accrual basis of accounting with certain differences. All City proprietary funds adopt annual budgets on a budgetary basis of accounting, which is similar to the modified accrual basis of accounting, with certain full accrual basis adjustments that are acceptable under State of Oregon Budget Law. Budget to modified accrual or budget to full accrual reconciling items are listed on the individual fund Statements/Schedules of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual. All annual appropriations lapse at June 30th.

The City begins its budgeting process by appointing Budget Committee members in January of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the proposed budget in May. Public notices of the approved budget and City Council public hearing are generally published in May and June with the budget public hearing held in June. The City Council adopts the budget, makes appropriations, and declares the operating and debt service property tax levies and tax rate no later than June 30th.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For the General and Wastewater Services Funds, levels of budgetary control are established at the department level. For all other funds, appropriations are established at the program (personnel services, materials and services, capital outlay), debt service, operating contingencies, and other requirements level.

All changes and amendments to the budget require the approval of the City Council. Supplemental budgets less than 10 percent of a fund's original budget may be adopted by the City Council at a regular City Council meeting. A supplemental budget greater than 10 percent of a fund's original budget requires publication, a hearing before the public, and approval by the City Council. The City Council approved six amendments to the budget during the fiscal year ending June 30, 2022. Original and supplemental budgets may be modified by the use of appropriation transfers between levels of control. Such transfers also require approval by the City Council. The City Council approved four appropriation transfers during the fiscal year ending June 30, 2022. The Statements/Schedules of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual present both the budget as originally adopted and the budget after adjustments for all legally authorized revisions.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

The Department is exempt from Oregon Local Budget Law, pursuant to Oregon Revised Statutes (ORS) 294.316, due to being a municipal public utility operating under a separate commission and not receiving ad valorem tax support.

III. Detailed Notes on Accounts

A. Cash and Investments

Oregon Revised Statutes authorize the City to invest in general obligations of the U.S. Government and its agencies; certain bonded obligations of Oregon municipalities; bank repurchase agreements; certificates of deposit; bankers' acceptances; the State of Oregon Local Government Investment Pool; and certain corporate indebtedness, which includes only the four highest ratings by the ratings agencies.

The State of Oregon Local Government Investment Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested, and the investments managed as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board which establishes diversification percentages and specifies the types and maturities of investments. The Oregon Audits Division audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2022 was unmodified. The fair value of the City's position in the Pool at June 30, 2022 was 100 percent of the value of the Pool shares. The Pool does not have a credit quality rating by a nationally recognized statistical rating organization and is therefore unrated.

At year end, the City's total book balance for deposits with financial institutions was \$20,414,298 and the bank balance was \$19,919,328. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the Department's bank balances, \$250,000 was covered by Federal Depository Insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

At June 30, 2022, the City's cash and investment balances were as follows:

| | |
|-----------------------------------------------------------------------------|---------------|
| Cash held in city offices | \$ 3,250 |
| Deposits with financial institutions | 20,414,298 |
| Oregon State Local Government Investment Pool – City's general account | 47,861,675 |
| Oregon State Local Government Investment Pool – Urban Renewal Loan Proceeds | 179,100 |
| Total City cash and investments | \$ 68,458,323 |

The City's cash and investments are reflected in the government-wide statement of net position as follows:

| | Governmental Activities | Business-type Activites | Total |
|----------------------------|------------------------------------|------------------------------------|---------------|
| Cash and investments: | | | |
| Unrestricted | \$ 8,203,427 | \$ 43,167,538 | \$ 51,370,965 |
| Restricted | 17,087,358 | - | 17,087,358 |
| Total cash and investments | \$ 25,290,785 | \$ 43,167,538 | \$ 68,458,323 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

At June 30, 2022, the Department's cash and investment balances were as follows:

| | Fair Value |
|-------------------------------------------------|---------------------|
| Cash on hand | \$ 61,112 |
| Deposits with financial institutions | 652,860 |
| Oregon State Local Government Investment Pool | 51,234,933 |
| Oregon State Local Government Intermediate Fund | 5,312,560 |
| Total Department cash and investments | \$57,261,465 |

The Oregon Local Government Intermediate Fund ("OLGIF") is a commingled investment pool for local governments offered by Oregon State Treasury due to Legislation HB2140 and pursuant to ORS Chapter 294. OLGIF provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years). OLGIF is actively managed to maintain a diversified portfolio of investment grade bond investments. Based on historical market performance, it is anticipated that the returns generated over extended periods will be greater in OLGIF than in shorter maturity vehicles such as the Oregon Short Term Fund.

Custodial credit risk is the risk that, in the event of 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 relating to custodial credit risk. At June 30, 2022, the City does not have investments exposed to custodial credit risk.

The City's investment policy allows 100 percent of the City's investments to be invested in the Pool. As a means to limit exposure to fair value losses arising from changes in interest rates, the City's investment policy requires that all investments other than the Pool mature in less than one year.

B. Receivables

1. Government Funds and Governmental Activities

Receivables as of year-end for the City's governmental individual major, non-major funds and internal service funds in the aggregate are as follows:

| | | Airport | Grants and Special | Debt | UR Debt | Total | Internal | Governmental |
|----------------------|--------------|--------------|-----------------------|------------|-----------|------------|---------------|--------------|
| Receivables: | General | Maintenance | Assessment | Service | Service | Non-Major | Service Funds | Activities |
| Accounts | \$ 2,267,661 | \$ 115,025 | \$ - | \$ 22 | \$ - | \$ 817,898 | \$ 13 | \$ 3,200,619 |
| Property taxes | 665,053 | - | - | 141,105 | 17,245 | - | - | 823,403 |
| Cash with county | 75,437 | - | - | 13,618 | 4,579 | - | - | 93,634 |
| Assessments | 1,829 | - | 8,638 | - | - | - | - | 10,467 |
| Lease | 317,976 | 3,511,111 | - | - | - | - | - | 3,829,087 |
| Due from Component U | 152,146 | - | - | - | - | - | - | 152,146 |
| Total | \$ 3,480,102 | \$ 3,626,136 | \$ 8,638 | \$ 154,745 | \$ 21,824 | \$ 817,898 | \$ 13 | \$ 8,109,356 |

In the government-wide financial statements, property tax revenue is reported net of discounts, adjustments, and interest as follows:

| | |
|--------------------------------|---------------------------|
| | Total Governmental |
| Gross revenue | \$ 19,107,577 |
| Less: discounts and adjustment | (646,235) |
| Net revenue | \$ 18,461,342 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

In the fund financial statements, governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unavailable revenue at the fund statement level includes delinquent property taxes, delinquent special assessments, and delinquent fire fees.

Unearned revenue at the government-wide level includes operating funds received but not earned. At the end of the current fiscal year, unearned revenue at the government-wide level mainly consists of an airport land lease credit and fees for summer recreation programs.

2. Business-Type Activities

Receivables as of year-end for the City's individual major enterprise funds are as follows:

| | |
|--------------------------------------------|-------------------|
| | Wastewater |
| Accounts receivable | \$ 683,471 |
| Less: allowance for uncollectable accounts | - |
| Net receivables | \$ 683,471 |

3. Lease Receivable

| Governmental Activities: | June 30, 2021 | | | June 30, 2022 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|-------------------|----------------------|
| | Balance | Additions | Reductions | Balance |
| Airport Ground Leases; interest between 1.38% and 2.30%, total annual principal and interest payments range from \$4,850 to \$67,000, due 2053 | \$ 933,160 | \$ - | \$ 56,299 | \$ 876,861 |
| Airport Building Leases; interest between 0.89% and 1.99%, total annual principal and interest payments range from \$131,000 to \$193,000, due 2036 | 2,294,326 | - | 137,868 | 2,156,458 |
| Airport Land Leases; interest between 1.06% and 1.76%, total annual principal and interest payments range from \$7,100 to \$89,000, due 2033 | 553,574 | - | 75,782 | 477,792 |
| Fire Cell Tower Lease; interest at 1.76%, total annual principal and interest payments range from \$29,000 to \$34,500, due 2033 | 341,176 | - | 23,200 | 317,976 |
| | \$ 4,122,236 | \$ - | \$ 293,149 | \$ 3,829,087 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Business-Type Activities:

WRF Land Leases; interest at 1.45%, total annual principal and interest payments are \$12,500, due 2030

\$ 106,145 \$ - \$ 12,372 \$ 93,773

WRF Stormwater Discharge Pond Lease; interest at 2.58%, total annual principal and interest payments are \$686, due 2108

24,032 - 449 23,583
\$ 130,177 \$ - \$ 12,821 \$ 117,356

Future maturities are as follows:

| Fiscal Year | Governmental Activities | | Business-type Activities | |
|-------------|-------------------------|-------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 291,259 | \$ 71,539 | \$ 11,216 | \$ 1,970 |
| 2024 | 303,710 | 66,494 | 11,380 | 1,806 |
| 2025 | 316,600 | 61,225 | 11,546 | 1,640 |
| 2026 | 319,208 | 55,755 | 11,714 | 1,472 |
| 2027 | 310,075 | 50,210 | 11,885 | 1,301 |
| 2028-2032 | 1,254,976 | 174,431 | 36,895 | 4,033 |
| 2033-2037 | 878,139 | 56,952 | 520 | 2,908 |
| 2038-2042 | 93,567 | 12,926 | 590 | 2,838 |
| 2043-2047 | 39,008 | 5,426 | 671 | 2,757 |
| 2048-2052 | 22,545 | 1,777 | 762 | 2,666 |
| 2053-2057 | - | - | 865 | 2,563 |
| 2058-2062 | - | - | 983 | 2,445 |
| 2063-2067 | - | - | 1,117 | 2,311 |
| 2068-2072 | - | - | 1,269 | 2,159 |
| 2073-2077 | - | - | 1,441 | 1,987 |
| 2078-2082 | - | - | 1,637 | 1,791 |
| 2083-2087 | - | - | 1,860 | 1,568 |
| 2088-2092 | - | - | 2,113 | 1,315 |
| 2093-2097 | - | - | 2,400 | 1,028 |
| 2098-2102 | - | - | 2,727 | 701 |
| 2103-2107 | - | - | 3,098 | 330 |
| 2108-2112 | - | - | 667 | 17 |
| | <u>\$ 3,829,087</u> | <u>\$ 556,735</u> | <u>\$117,356</u> | <u>\$ 41,606</u> |

Deferred inflows of resources mirror the principal payment maturities described above.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

4. Department

In the government-wide financial statements, receivables as of year-end for the Department are as follows:

| | |
|------------------------------------|---------------------|
| Accounts and notes receivable | \$ 4,435,392 |
| Less: allowance for uncollectibles | <u>(34,475)</u> |
| Net receivables | <u>\$ 4,400,917</u> |

C. Capital Assets

In the government-wide financial statements, the City's governmental activities' capital asset activity for the year ended June 30, 2022 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation/amortization expense and adjustments.

| | Beginning Balance | Increases | Decreases | Transfers & Adjustments | Ending Balance |
|------------------------------------------------|----------------------|--------------|-------------|----------------------------|-------------------|
| Non-depreciable/amortizable: | | | | | |
| Land | \$ 28,607,972 | \$ - | \$ - | \$ 21,349 | \$ 28,629,321 |
| Easements | 1,970,950 | - | - | (21,350) | 1,949,600 |
| Public art | 263,303 | - | - | - | 263,303 |
| Construction in progress | 325,514 | 65,618 | (30,414) | (295,100) | 65,618 |
| Total non-depreciable/amortizable | 31,167,739 | 65,618 | (30,414) | (295,101) | 30,907,842 |
| Depreciable/amortizable: | | | | | |
| Land improvements | 20,631,581 | 1,435,690 | - | 8,970,076 | 31,037,347 |
| Buildings | 33,355,816 | 11,479 | - | - | 33,367,295 |
| Machinery and equipment | 7,169,165 | 141,227 | (139,536) | 15,930 | 7,186,786 |
| Vehicles | 6,874,497 | 5,744 | (507,753) | (15,929) | 6,356,559 |
| Infrastructure | 99,429,268 | 2,782,038 | - | (8,674,976) | 93,536,330 |
| Right-to-use leased asset - land | 200,000 | - | - | - | 200,000 |
| Right-to-use leased asset - building | 66,971 | 8,968 | - | - | 75,939 |
| Total depreciable/amortizable | 167,727,298 | 4,385,146 | (647,289) | 295,101 | 171,760,256 |
| Accumulated depreciation/amortization: | | | | | |
| Land improvements | (14,211,822) | (868,332) | - | - | (15,080,154) |
| Buildings | (22,282,779) | (722,028) | - | - | (23,004,807) |
| Machinery and equipment | (6,104,829) | (114,225) | 130,321 | - | (6,088,733) |
| Vehicles | (4,845,394) | (231,069) | 478,816 | - | (4,597,647) |
| Infrastructure | (46,695,163) | (2,909,012) | - | - | (49,604,175) |
| Right-to-use leased asset | (57,817) | (16,840) | - | - | (74,657) |
| Total accumulated depreciation/amortization | (94,197,804) | (4,861,506) | 609,137 | - | (98,450,173) |
| Governmental activities capital assets, net | \$ 104,697,233 | \$ (410,742) | \$ (68,566) | \$ - | \$ 104,217,925 |

At June 30, 2022, the City's government-wide governmental activities construction in progress consisted of costs related to building improvements, a civil art installation, and audio visual equipment.

City restated beginning capital assets at June 30, 2021 to include right-to-use leased assets and associated accumulated amortization for leased assets which were placed in service prior to June 30, 2021.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Depreciation and amortization expense was charged to governmental activities functions as follows:

| | Total |
|--------------------------------|--------------------|
| General government | \$ 132,427 |
| Comm development | 37,878 |
| Public safety: | |
| Police | 421,891 |
| Fire | 214,792 |
| Emergency communications | 33,504 |
| Highways and streets | 2,898,985 |
| Parks & Rec/Maintenance | 654,345 |
| Library | 47,551 |
| Airport | 381,949 |
| I/S Fund | 15,680 |
| Building Fund (Govtl-Cmty Dev) | 22,504 |
| Total | \$4,861,506 |

In the government-wide financial statements and proprietary fund financial statements, the City's business-type activities' capital asset activity for the year ended June 30, 2022 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense, adjustments.

| | Beginning Balance | Increases | Decreases | CIP Transfers | Ending Balance |
|--------------------------------------------------------|------------------------------|---------------------|---------------------|--------------------------|---------------------------|
| Non-depreciable/amortizable: | | | | | |
| Land | \$ 785,223 | \$ - | \$ - | \$ - | \$ 785,223 |
| Easements | 240,735 | - | - | - | 240,735 |
| Construction in progress | 5,471,589 | 2,533,819 | (253,405) | (3,745,606) | 4,006,397 |
| Total non-depreciable/amortizable | 6,497,547 | 2,533,819 | (253,405) | (3,745,606) | 5,032,355 |
| Depreciable/amortizable: | | | | | |
| Land improvements | 80,655 | - | - | - | 80,655 |
| Buildings | 54,645,763 | 832,846 | - | - | 55,478,609 |
| Machinery and equipment | 2,390,165 | 285,907 | - | 673,690 | 3,349,762 |
| Vehicles | 1,117,869 | 64,919 | (154,370) | - | 1,028,418 |
| Infrastructure | 51,558,153 | 1,008,953 | - | 3,071,916 | 55,639,022 |
| Right-to-use leased asset - buildin | - | 8,787 | - | - | 8,787 |
| Total depreciable/amortizable | 109,792,605 | 2,201,412 | (154,370) | 3,745,606 | 115,585,253 |
| Accumulated depreciation/amortization: | | | | | |
| Land improvements | (77,742) | (1,621) | - | - | (79,363) |
| Buildings | (41,023,268) | (666,149) | - | - | (41,689,417) |
| Machinery and equipment | (2,023,004) | (223,476) | - | - | (2,246,480) |
| Vehicles | (725,120) | (151,296) | 17,864 | - | (858,552) |
| Infrastructure | (16,559,838) | (1,094,091) | - | - | (17,653,929) |
| Right-to-use leased asset | - | (1,785) | - | - | (1,785) |
| Total accumulated depreciation/amortization | (60,408,972) | (2,138,418) | 17,864 | - | (62,529,526) |
| Governmental activities capital assets, net | \$ 55,881,180 | \$ 2,596,813 | \$ (389,911) | \$ - | \$ 58,088,082 |

At June 30, 2022, the City's business-type activities construction in progress consisted of costs related to various wastewater projects.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Depreciation and amortization expense was charged to business-type activities functions as follows:

Wastewater Operations \$ 2,138,418

The Department's capital asset activity for the year ended June 30, 2022 was as follows:

| | Balance, June 30, 2021 | Increases | Decreases | Balance, June 30, 2022 |
|---------------------------------|---------------------------|----------------------|-----------------------|---------------------------|
| Land and land rights | \$ 8,073,684 | \$ 2,910,834 | \$ - | \$ 10,984,518 |
| Construction in progress | 1,965,987 | 7,984,587 | (4,981,917) | 4,968,657 |
| Total non-depreciable | <u>10,039,671</u> | <u>10,895,421</u> | <u>(4,981,917)</u> | <u>15,953,175</u> |
| Structures and improvements | 10,179,742 | 23,973 | - | 10,203,715 |
| Water treatment plant | 35,037,250 | - | - | 35,037,250 |
| Supply and distribution systems | 142,942,751 | 5,322,354 | (1,074,707) | 147,190,398 |
| Furniture and equipment | 3,339,856 | 86,913 | - | 3,426,769 |
| Transportation equipment | 4,430,161 | 249,740 | (121,750) | 4,558,151 |
| Total depreciable | <u>195,929,760</u> | <u>5,682,980</u> | <u>(1,196,457)</u> | <u>200,416,283</u> |
| Less accumulated depreciation: | | | | |
| Electric plant | (30,096,146) | (2,277,372) | 467,619 | (31,905,899) |
| Water plant | (32,566,847) | (1,934,273) | 15,629 | (34,485,491) |
| Transportation equipment | (2,691,177) | (291,605) | 120,112 | (2,862,670) |
| Total accumulated depreciation | <u>(65,354,170)</u> | <u>(4,503,250)</u> | <u>603,360</u> | <u>(69,254,060)</u> |
| Utility plant, net | <u>\$ 140,615,261</u> | <u>\$ 12,075,151</u> | <u>\$ (5,575,014)</u> | <u>\$ 147,115,398</u> |

For the Department, accumulated depreciation information for beginning balances, increases, decreases, and ending balances by major class of capital assets is unavailable.

D. Interfund Balances and Transfers

The City's General Fund receives a monthly franchise fee from the Department. The Department bills and collects the City's sewer user charges which are turned over to the City on a monthly basis. The City and Department also work together on common projects which result in miscellaneous reimbursements between the two entities.

The following due to/due from balances between the primary government and its component unit resulted from the routine monthly cycle timing between the dates that payments between entities were made and received:

| Receivable Entity | Payable Entity | Amount |
|-----------------------------------------|----------------|-------------------|
| Major governmental fund - General Fund | Department | \$ 152,146 |
| Major enterprise fund - Wastewater Fund | Department | 831,132 |
| | | <u>\$ 983,278</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Interfund transfers for the year ended June 30, 2022, consisted of the following:

| | Transfers In: | | | | Total |
|---------------------------------|---------------|-------------------------|-----------------------------------|--------------------------|--------------|
| | General Fund | Transportatio n Fund | Nonmajor Governmental Funds | Wastewater Operations | |
| Transfer Out: | | | | | |
| General Fund | \$ - | \$ - | \$ 819,281 | \$ - | \$ 819,281 |
| Urban Renewal Debt Service Fund | - | - | 40,221 | - | 40,221 |
| Nonmajor Governmental Funds | 487,753 | 200,000 | - | - | 687,753 |
| Internal Service Funds | 116,502 | - | 9,025 | 15,038 | 140,565 |
| | \$ 604,255 | \$ 200,000 | \$ 868,527 | \$ 15,038 | \$ 1,687,820 |

Transfers are used to: 1) move allocation of transient lodging tax from the receipting funds to the general fund; 2) move portion of street fund gas tax to support specific capital projects or programs in transportation fund; 3) move urban renewal tax receipts from receipting fund for specific projects in the urban renewal plan; 4) transfer police and fire contributions for 911 services.

E. Due To/From Other Funds

| Due From: | Due To: | | |
|---------------------------------|----------------------------|-----------------------------|---------------------------------|
| | Governmental Activities | Business Type Activities | Total Internal Loans Payable |
| | General | Wastewater Capital | |
| Governmental Activities: | | | |
| General - Police | \$ - | \$ 272,961 | \$ 272,961 |
| General - Fire/EMS | - | 294,247 | 294,247 |
| Urban Renewal Debt Service Fund | 1,610,060 | - | 1,610,060 |
| | \$ 1,610,060 | \$ 567,208 | \$ 2,177,268 |
| Total Internal Loans receivable | | | |

The amount payable to the General Fund relates to a loan for street improvements in the urban renewal district, as follows:

| Fiscal Year ending June 30 | Principal | Interest |
|-------------------------------|--------------|------------|
| 2023 | \$ 155,230 | \$ 32,058 |
| 2024 | 158,420 | 28,875 |
| 2025 | 161,660 | 25,626 |
| 2026 | 164,980 | 22,312 |
| 2027 | 168,370 | 18,929 |
| 2028-2032 | 801,400 | 41,425 |
| Total | \$ 1,610,060 | \$ 169,224 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

The amount payable to the Wastewater Capital Fund relates to the purchase of three patrol vehicles for the police department in the general fund is as follows:

| Fiscal Year ending June 30 | Principal | Interest |
|---------------------------------------|-------------------|------------------|
| 2023 | \$ 146,839 | \$ 10,789 |
| 2024 | 149,663 | 7,966 |
| 2025 | 152,542 | 5,087 |
| 2026 | 118,164 | 2,152 |
| Total | <u>\$ 567,208</u> | <u>\$ 25,993</u> |

F. Renewable Energy Certificates (REC) – Department

As of June 30, 2022, the Department has 268,198 RECs banked in its Western Renewable Energy Generation Information System (WREGIS) account, valued at \$.50 per REC, for a total value of \$134,099. The value of these RECs is based on management’s estimate of fair value.

The Department also holds 512,635 in its WREGIS account for RECs received from Waste Management Renewable Energy. As these RECs are internally generated, they have no corresponding value on the statement on net position at June 30, 2022.

G. Regulatory Asset - Conservation Charges - Department

In November 2008, the Department entered into a long-term power purchase agreement with the Bonneville Power Administration. The Commission also authorized conservation funding in order to secure a more favorable rate structure over the delivery period of 17 years. The Department will amortize these expenditures over the 17 year period which commenced October 1, 2011.

H. Leases Payable

Leases payable currently outstanding as of June 30, 2022 are as follows:

| | Interest Rate(s) | Date of Issue | Remaining Years | Amount of Original Note | Principal Outstanding |
|----------------------------------------------|-------------------------|----------------------|------------------------|--------------------------------|------------------------------|
| Governmental Activities: | | | | | |
| 2017 MPD pursuit vehicles (3), FordMC | 6.45 | 03/10/18 | 2022 | \$ 135,500 | \$ - |
| Emergency Comms Equip, Govt Cap Corp | 4.15 | 05/14/19 | 2023-2026 | 228,449 | 134,454 |
| 2019 MPD pursuit vehicles (3), Mun Asset Mgt | 3.88 | 03/22/19 | 2023-2023 | 153,497 | 62,499 |
| Copier and postage leases | 0.51 - 11.26 | Various | 2023-2027 | 52,122 | 37,910 |
| Total governmental leases payable: | | | | <u>\$ 569,568</u> | <u>\$ 234,863</u> |
| Business-type Activities: | | | | | |
| Copier and postage leases | 0.51 - 11.26 | Various | 2023-2027 | \$ 8,787 | \$ 7,031 |
| Total business-type leases payable: | | | | <u>\$ 8,787</u> | <u>\$ 7,031</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Annual debt service requirements for leases payable for governmental activities are as follows:

| Fiscal Year ending June 30 | Principal | Interest |
|---------------------------------------|-------------------|------------------|
| 2023 | \$ 77,225 | \$ 8,927 |
| 2024 | 76,544 | 6,176 |
| 2025 | 40,714 | 3,354 |
| 2026 | 39,306 | 1,714 |
| 2027 | 1,074 | 41 |
| Total | \$ 234,863 | \$ 20,212 |

Annual debt service requirements for leases payable for business-type activities are as follows:

| Fiscal Year ending June 30 | Principal | Interest |
|---------------------------------------|------------------|-----------------|
| 2023 | \$ 1,767 | \$ 66 |
| 2024 | 1,786 | 47 |
| 2025 | 1,805 | 28 |
| 2026 | 1,673 | 9 |
| Total | \$ 7,031 | \$ 150 |

I. Long-Term Liabilities

1. General Obligation Bonds – Governmental Activities

General obligation bonds have been issued for governmental activities to provide funds for the acquisition and construction of major capital facilities including park system and transportation improvements and new public safety and civic hall buildings.

The 2006 Public Safety and Civic Buildings Bonds were subject to federal arbitrage rebate calculations. The final calculation was completed in 2016 and there is no contingent rebatable arbitrage liability as of June 30, 2022.

Interest rates are associated with respective maturities and do not represent variable rate debt.

General Obligation bonds currently outstanding as of June 30, 2022, are as follows:

| Governmental Activities: | Bond Series | Interest Rate(s) | Date of Issue | Remaining Years of Maturity | Amount of Original Issue | Principal Outstanding |
|--------------------------------------|--------------------|-------------------------|----------------------|------------------------------------|---------------------------------|------------------------------|
| Public Safety and Civic Center Bldgs | 2015 | 2.50 - 5.00 | 04/16/15 | 2023-2027 | \$ 7,235,000 | \$ 3,775,000 |
| Transportation | 2015 | 2.50 - 5.00 | 04/16/15 | 2023-2030 | 16,085,000 | 9,755,000 |
| Transportation | 2018 | 3.00 - 4.00 | 02/28/18 | 2023-2033 | 7,915,000 | 6,120,000 |
| Total Governmental Activities Bonds: | | | | | \$ 31,235,000 | \$ 19,650,000 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Annual Debt service requirements to maturity for general obligation bonds for governmental activities are as follows:

| Fiscal Year ending June 30 | Principal | Interest |
|---------------------------------------|----------------------|---------------------|
| 2023 | \$ 2,185,000 | \$ 817,150 |
| 2024 | 2,290,000 | 717,500 |
| 2025 | 2,390,000 | 607,900 |
| 2026 | 2,500,000 | 498,500 |
| 2027 | 2,615,000 | 383,900 |
| 2028-2032 | 7,030,000 | 668,400 |
| 2033 | 640,000 | 20,800 |
| Total | <u>\$ 19,650,000</u> | <u>\$ 3,714,150</u> |

2. Full Faith and Credit Obligations

Full Faith and Credit obligations include a loan to purchase fire equipment and a loan from Oregon Department of Transportation related to the Newberg-Dundee Bypass. The fire equipment loan is subject to interest at 3.1% through June 30, 2024 at which time the interest rate will be adjusted based on current market rates. The loan may be prepaid without penalty after June 30, 2021.

In October 2016, the City also entered into a financing agreement with JPMorgan Chase Bank to borrow \$2,192,300 for urban renewal related capital improvements. The loan is subject to interest at 2.04% through 2032.

Loans and notes payable currently outstanding as of June 30, 2022, are as follows:

| | Interest Rate(s) | Date of Issue | Remaining Years | Amount of Original Note | Principal Outstanding |
|--------------------------------------|-----------------------------|----------------------|----------------------------|----------------------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| OTIB Loan Dundee Bypass, ODOT | 2.26 | 07/01/13 | 2023-2036 | \$ 3,209,600 | \$ 2,294,230 |
| Fire Vehicle, Key Bank | 3.10 | 05/20/14 | 2023-2024 | 1,370,000 | 720,493 |
| Urban Renewal, Chase | 2.04 | 10/31/16 | 2023-2032 | 2,192,300 | 1,610,060 |
| Total Governmental Activities Notes: | | | | <u>\$ 6,771,900</u> | <u>\$ 4,624,784</u> |

Annual debt service requirements for loans and notes payable for governmental activities, are as follows:

| Fiscal Year ending June 30 | Principal | Interest |
|---------------------------------------|---------------------|-------------------|
| 2023 | \$ 398,305 | \$ 105,522 |
| 2024 | 938,012 | 96,036 |
| 2025 | 317,888 | 70,647 |
| 2026 | 324,738 | 63,802 |
| 2027 | 331,739 | 56,808 |
| 2028-2032 | 1,675,323 | 173,741 |
| 2033-2036 | 638,779 | 32,030 |
| Total | <u>\$ 4,624,784</u> | <u>\$ 598,586</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

3. Pension Related Debt

In 2001 the City and Department became members of OPERS Local Government Rate Pool (LGRP). Subsequent to the City joining the LGRP, the Oregon legislature merged the LGRP with the State/Community College Pool, forming the State and Local Government Rate Pool (SLGRP). In 2001, the City elected to become a member of the SLGRP.

Upon joining the LGRP in 2001, a transition liability or surplus was calculated to ensure that each employer entered the pool on a comparable basis.

The City and Department elected to pay the balance owed on the PERS transition liability in 2016. The City entered into a financing agreement to pay its share of the transition liability. The Department used available cash to pay its share.

Pension obligation notes payable currently outstanding as of June 30, 2022, are as follows:

| | <u>Interest Rate(s)</u> | <u>Date of Issue</u> | <u>Remaining Years</u> | <u>Amount of Original Note</u> | <u>Principal Outstanding</u> |
|------------------------------------|-----------------------------|----------------------|----------------------------|----------------------------------------|----------------------------------|
| PERS Transitional Liability, Chase | 2.73 | 10/31/16 | 2023-2028 | <u>\$ 3,525,860</u> | <u>\$ 2,169,770</u> |
| | <u>Allocation</u> | | | | |
| Governmental Activities: | | | | | |
| Allocation Governmental Funds | 90.50% | | | \$ 3,190,903 | \$ 1,963,642 |
| Allocation Internal Service Funds | 2.00% | | | 70,517 | 43,395 |
| Business Type | 7.50% | | | <u>264,440</u> | <u>162,733</u> |
| Total Pension Obligation Notes | | | | <u>\$ 3,525,860</u> | <u>\$ 2,169,770</u> |

Annual debt service requirements for pension obligation notes payable are as follows:

| <u>Fiscal Year ending June 30</u> | <u>Governmental Funds</u> | | <u>Gov'tal Int Serv Funds</u> | | <u>Business Type</u> | | <u>Total</u> | |
|-----------------------------------|---------------------------|-------------------|-------------------------------|-----------------|----------------------|------------------|---------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2023 | \$ 306,632 | \$ 51,550 | \$ 6,776 | \$ 1,139 | \$ 25,412 | \$ 4,272 | \$ 338,820 | \$ 56,961 |
| 2024 | 327,800 | 43,036 | 7,244 | 951 | 27,166 | 3,567 | 362,210 | 47,554 |
| 2025 | 349,982 | 33,938 | 7,734 | 750 | 29,004 | 2,813 | 386,720 | 37,500 |
| 2026 | 373,258 | 24,226 | 8,249 | 535 | 30,933 | 2,008 | 412,440 | 26,769 |
| 2027 | 397,639 | 13,872 | 8,788 | 307 | 32,954 | 1,150 | 439,380 | 15,328 |
| 2028 | 208,331 | 2,844 | 4,604 | 63 | 17,264 | 236 | 230,200 | 3,142 |
| Total | <u>\$ 1,963,642</u> | <u>\$ 169,466</u> | <u>\$ 43,395</u> | <u>\$ 3,745</u> | <u>\$ 162,733</u> | <u>\$ 14,046</u> | <u>\$ 2,169,770</u> | <u>\$ 187,254</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| <u>Governmental activities</u> | | | | | |
| General obligation bonds | \$ 22,360,000 | \$ - | \$ 2,710,000 | \$ 19,650,000 | \$ 2,185,000 |
| Unamortized premium | 2,033,073 | - | 272,358 | 1,760,715 | 263,950 |
| Notes payable | 5,013,839 | - | 389,055 | 4,624,784 | 398,305 |
| PERS Transitional Liability, Chase | 2,250,111 | - | 286,469 | 1,963,642 | 306,632 |
| Capital leases* | 285,647 | - | 285,647 | - | - |
| Compensated absences | 1,034,083 | 1,098,163 | 1,184,443 | 947,803 | 216,431 |
| Governmental Totals | <u>\$ 32,976,753</u> | <u>\$ 1,098,163</u> | <u>\$ 5,127,972</u> | <u>\$ 28,946,944</u> | <u>\$ 3,370,318</u> |
| <u>Internal service funds</u> | | | | | |
| PERS Transitional Liability, Chase | \$ 49,726 | \$ - | \$ 6,331 | \$ 43,395 | \$ 6,776 |
| Compensated absences | 45,133 | 24,044 | 18,297 | 50,880 | 8,430 |
| Internal service fund Totals | <u>\$ 94,859</u> | <u>\$ 24,044</u> | <u>\$ 24,628</u> | <u>\$ 94,275</u> | <u>\$ 15,206</u> |
| <u>Business type activities</u> | | | | | |
| PERS Transitional Liability, Chase | \$ 186,473 | \$ - | \$ 23,741 | \$ 162,733 | \$ 25,412 |
| Compensated absences | 98,684 | 107,705 | 109,344 | 97,045 | 18,431 |
| Business type totals | <u>\$ 285,157</u> | <u>\$ 107,705</u> | <u>\$ 133,085</u> | <u>\$ 259,778</u> | <u>\$ 43,843</u> |

* Capital leases now reported with GASB 87 lease note disclosures

Pension-related debt is liquidated primarily by the General Fund.

J. Fund Balances

Fund balances by classification for the year ended June 30, 2022 were as follows:

| Fund Balances | General Fund | Airport | Grants and Special Assessment | Transportation | Debt Service | Urban Renewal Debt Service | Other Government Funds | Total Government Funds |
|--------------------------|---------------------|-------------------|-------------------------------------|---------------------|-------------------|-------------------------------|------------------------------|------------------------------|
| Nonspendable: | | | | | | | | |
| In Form | \$ 29,884 | \$ 152 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,036 |
| Restricted for: | | | | | | | | |
| Street Maintenance | - | - | - | - | - | - | 2,224,396 | 2,224,396 |
| Tourism Promotion | - | - | - | - | - | - | 400 | 400 |
| Airport Maintenance | - | 617,091 | - | - | - | - | - | 617,091 |
| Grants and Assessments | - | - | 148,758 | - | - | - | 813 | 149,571 |
| Capital Projects | - | - | - | 3,480,963 | - | - | 2,159,091 | 5,640,054 |
| Debt Service | - | - | - | - | 463,398 | - | - | 463,398 |
| Committed to: | | | | | | | | |
| Emergency Communications | - | - | - | - | - | - | 152,469 | 152,469 |
| Assigned to: | | | | | | | | |
| LOSAP Benefit Plan | 833,933 | - | - | - | - | - | - | 833,933 |
| Telecommunications | - | - | - | - | - | - | 1,958 | 1,958 |
| Building | - | - | - | - | - | - | 1,924,710 | 1,924,710 |
| Unassigned: | 6,703,907 | - | - | - | - | (1,027,580) | - | 5,676,327 |
| Total fund balances | <u>\$ 7,567,724</u> | <u>\$ 617,243</u> | <u>\$ 148,758</u> | <u>\$ 3,480,963</u> | <u>\$ 463,398</u> | <u>\$ (1,027,580)</u> | <u>\$ 6,463,837</u> | <u>\$ 17,714,343</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

IV. Other Information

A. Risk Management

1. City

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The City is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers' compensation insurance through City County Insurance Services (CIS), a public entity risk pool. The pooling agreement does not permit the pool to make additional assessments to its members in the event of unanticipated losses.

Additional insurance policies are in place to cover cybersecurity risk and the specialized risks associated with operating a municipal airport.

For property and liability insurance, cyber security, airport and for workers' compensation insurance, settlements did not exceed insurance coverage in any of the past four fiscal years.'

2. Department

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Department is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers' compensation insurance through City County Insurance Services (CIS), a public entity risk pool. For property and liability insurance, settlements did not exceed insurance coverage in any of the past three fiscal years.

B. Deferred Compensations Plans

The City offers employees two deferred compensation plans and the Department offers employees one deferred compensation plan created in accordance with Internal Revenue Code Section 457. All plan assets are maintained by separate deferred compensation companies and are valued at market. The plans permit employees to defer a portion of their salary until future years. The City does not contribute to the plan. Deferred compensation is not available to participants until termination, retirement, death, or certain unforeseeable emergency. The assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries and accordingly are not included in the City's or the Department's financial statements. Employees are immediately vested in all contributions to the plan.

C. Other Post-Employment Benefits (OPEB)

The other postemployment benefits (OPEB) for the City and Department combine two separate plans for each entity. The City and Department provide an implicit rate subsidy for a retiree post-employment healthcare plan, which is administered by City County Insurance Services (CIS) Trust, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined benefit plan. Information for the Department's OPEB follows the City's information.

1. Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

| | Implicit Rate Subsidy | PERS RHIA Plan | Total OPEB on Financials |
|----------------------------------------------|--------------------------|-------------------|-----------------------------|
| Net OPEB Asset | \$ - | \$ 603,367 | \$ 603,367 |
| Deferred Outflows of Resources | | | |
| Change in Assumptions | 33,432 | 11,872 | 45,304 |
| Difference in Expected and Actual Experience | 112,489 | - | 112,489 |
| Change in Proportionate Share | - | 8,048 | 8,048 |
| Contributions After MD | 65,548 | 2,383 | 67,931 |
| Net OPEB Liability | (1,461,576) | - | (1,461,576) |
| Deferred Inflows of Resources | | | |
| Difference in Expected and Actual Experience | (571,996) | (16,787) | (588,783) |
| Difference in Earnings | - | (143,392) | (143,392) |
| Change in Assumptions | (253,754) | (8,976) | (262,730) |
| Change in Proportionate Share | - | (73,649) | (73,649) |
| OPEB Expense/(Income)* | 15,844 | (132,835) | (116,991) |

*Included in program expenses on Statement of Activities

2. Post-Employment Healthcare Plan – City

Plan Description:

The City's single-employer defined benefit postemployment healthcare plan is administered by CityCounty Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

Benefits Provided:

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

| | |
|--------------------------------|-----|
| Active employees | 144 |
| Eligible retirees | 6 |
| Spouses of ineligible retirees | 0 |
| Total participants | 150 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

OPEB Plan Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

The City's net OPEB liability of \$1,461,576 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2022, the City recognized OPEB expenses from this plan of \$15,844. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|----------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 112,489 | \$ 571,996 |
| Changes of assumptions | 33,432 | 253,754 |
| Total (prior to post-MD contributions) | 145,921 | 825,750 |
| Contributions subsequent to the MD | 65,548 | - |
| Total | <u>\$ 211,469</u> | <u>\$ 825,750</u> |

Deferred outflows of resources related to OPEB of \$65,548 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ended June 30:</u> | |
|----------------------------|---------------------|
| 2023 | \$ (117,492) |
| 2024 | (117,492) |
| 2025 | (117,492) |
| 2026 | (117,492) |
| 2027 | (117,492) |
| Thereafter | (92,369) |
| Total | <u>\$ (679,829)</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Actuarial Assumptions and Other Inputs:

The net OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.50 percent |
| Discount Rate | 2.16 percent |
| Projected Salary Increases | 3.50 percent overall payroll growth |
| Retiree Healthcare Participation | 55% of eligible employees 60% of male members and 35% of female members will elect spouse coverage. |
| Mortality | <p>Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.</p> <p>Healthcare cost trend rate: Medical and vision: 3.75 percent per year increasing to 5.75 percent.</p> <p>Dental: 4.00 percent per year</p> |

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in Net OPEB Liability:

Changes in assumptions is the result of the change in the discount rate from 2.21% to 2.16%.

| | Net OPEB Liability |
|-----------------------------------------|-------------------------------|
| Balance as of June 30, 2021 | <u>\$ 1,382,834</u> |
| Changes for the year: | |
| Service cost | 101,203 |
| Interest on total OPEB liability | 32,133 |
| Effect of assumptions changes or inputs | 5,851 |
| Benefit payments | <u>(60,445)</u> |
| Balance as of June 30, 2022 | <u><u>\$ 1,461,576</u></u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Sensitivity of the net OPEB liability to changes in the discount rate:

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

Discount Rate:

| | <u>1% Decrease (1.16%)</u> | <u>Current Discount Rate (2.16%)</u> | <u>1% Increase (3.16%)</u> |
|--------------------|----------------------------|--------------------------------------|----------------------------|
| Net OPEB Liability | \$ 1,582,438 | \$ 1,461,576 | \$ 1,348,194 |

Healthcare Cost Trend:

| | <u>1% Decrease</u> | <u>Current Health Care Trend Rates</u> | <u>1% Increase</u> |
|--------------------|--------------------|----------------------------------------|--------------------|
| Net OPEB Liability | \$ 1,294,214 | \$ 1,461,576 | \$ 1,660,190 |

3. Oregon Public Employees' Retirement Systems (OPERS) Retirement Health Insurance Account (RHIA) - City

Plan Description:

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. ORS 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377, or online at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Benefits Provided:

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

Contributions:

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2019 actuarial valuation and a percentage of payroll that first became effective July 1, 2021. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

liabilities being amortized over 20 years. The City's total for the year ended June 30, 2021 contributions was \$2,383.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2022, the City reported an asset of \$603,367 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the City's proportionate share was 0.1757%, which is an increase from its proportion of 0.1157% as of June 30, 2020.

For the year ended June 30, 2022, the City recognized OPEB income from this plan of \$132,835. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 16,787 |
| Changes of assumptions | 11,872 | 8,976 |
| Net difference between projected and actual earnings on investments | - | 143,392 |
| Changes in proportionate share | 8,048 | 73,649 |
| Total (prior to post-MD contributions) | 19,920 | 242,804 |
| Contributions subsequent to the MD | 2,383 | - |
| Total | \$ 22,303 | \$ 242,804 |

Deferred outflows of resources related to OPEB of \$2,383 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ended June 30:</u> | |
|-----------------------------------|--------------|
| 2023 | \$ (85,630) |
| 2024 | (59,222) |
| 2025 | (32,737) |
| 2026 | (45,295) |
| Total | \$ (222,884) |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Actuarial Methods & Assumptions:

The net OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial methods and assumptions:

| | |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | December 31, 2019 |
| Measurement Date | June 30, 2021 |
| Experience Study Report | 2018, published July 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market value of assets |
| Actuarial Assumptions: | |
| Inflation Rate | 2.40 percent |
| Long-Term Expected Rate of Return | 6.90 percent |
| Projected Salary Increases | 3.40 percent |
| Retiree Healthcare Participation | Healthy retirees: 32% Disabled retirees: 20% |
| Mortality | <p>Health retirees and beneficiaries: 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>Active Members: 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>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 ending on December 31, 2018.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

| Asset Class/Strategy | Assumed Asset Allocation | | |
|-----------------------------|---------------------------------|-------------------|---------------|
| | Low Range | High Range | Target |
| Debt Securities | 15.0% | 25.0% | 20.0% |
| Public Equity | 27.5% | 37.5% | 32.5% |
| Real Estate | 9.5% | 15.5% | 12.5% |
| Private Equity | 14.0% | 21.0% | 17.5% |
| Alternative Portfolio | 7.5% | 17.5% | 15.0% |
| Opportunity Portfolio | 0.0% | 5.0% | 0.0% |
| Risk Parity | 0.0% | 2.5% | 2.5% |
| Total | | | 100.0% |

| Asset Class | Target Allocation | Compounded Annual Return (Geometric) |
|-------------------------------------|--------------------------|---------------------------------------------|
| Global Equity | 30.62% | 5.85% |
| Private Equity | 25.50% | 7.71% |
| Core Fixed Income | 23.75% | 2.73% |
| Real Estate | 12.25% | 5.66% |
| Master Limited Partnerships | 0.75% | 5.71% |
| Infrastructure | 1.50% | 6.26% |
| Commodities | 0.63% | 3.10% |
| Hedge Fund of Funds - Multistrategy | 1.25% | 5.11% |
| Hedge Fund Equity - Hedge | 0.63% | 5.31% |
| Hedge Fund - Macro | 5.62% | 5.06% |
| US Cash | -2.50% | 1.76% |
| Total | 100.00% | |

Assumed Inflation - Mean 2.40%

Discount rate:

The discount rate used to measure the net OPEB liability was 6.90% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the net OPEB liability.

Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate:

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Discount Rate:

| | <u>1% Decrease (5.90%)</u> | <u>Current Discount Rate (6.90%)</u> | <u>1% Increase (7.90%)</u> |
|----------------|----------------------------|------------------------------------------|----------------------------|
| Net OPEB Asset | \$ (533,589) | \$ (603,367) | \$ (662,973) |

OPEB plan fiduciary net position:

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions During the Measurement Period:

There were no changes during the June 30, 2021 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure.

4. Oregon Public Employees' Retirement Systems (OPERS) Retirement Health Insurance Account (RHIA) – Department

The Department's RHIA plan is the same plan as the City's plan discussed above in Note C.3.

Contributions:

The Department contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The Department's total for the year ended June 30, 2022 contributions was \$1,067.

5. Post-Employment Healthcare Plan – Department

The Department's plan is a single employer plan administered by the Department. The authority to establish and amend the benefit terms and financing is accomplished through contractual agreement with union employees and through board adopted personnel policies for non-union employees.

Employees covered by benefit terms:

At July 1, 2021, the following employees were covered by the benefit terms:

| | |
|-------------------|-----------|
| Active employees | 60 |
| Retired employees | <u>8</u> |
| Total | <u>68</u> |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Changes in Net OPEB Liability:

| | Net OPEB Liability |
|-----------------------------------------|---------------------------|
| Balance as of June 30, 2021 | \$ 1,420,684 |
| Changes for the year: | |
| Service cost | 52,032 |
| Interest on total OPEB liability | 32,293 |
| Effect of assumptions changes or inputs | 4,803 |
| Benefit payments | (144,637) |
| Net RHIA change | (75,182) |
| Balance as of June 30, 2022 | \$ 1,289,993 |

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------|--------------|-----------------------|--------------|
| 2022 Total OPEB Liability | \$ 1,521,493 | \$ 1,289,993 | \$ 1,332,837 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates:

| | 1% Decrease | Healthcare Trend | 1% Increase |
|---------------------------|--------------|------------------|--------------|
| 2022 Total OPEB Liability | \$ 1,291,621 | \$ 1,289,993 | \$ 1,580,973 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2022, the Department recognized an OPEB credit of \$28,515. At June 30, 2022, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Differences between actual and expected experience | \$ 18,475 | \$ 6,202 |
| Changes of assumptions or other inputs | 34,502 | 464,676 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 32,225 |
| Changes in proportionate share | 7,999 | 12,063 |
| Contributions subsequent to the measurement date | 126,582 | - |
| Total | \$ 187,558 | \$ 515,166 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Deferred outflows of resources related to OPEB of \$126,582 resulting from the Department's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ended June 30:</u> | | |
|----------------------------|----|------------------|
| 2023 | \$ | (101,996) |
| 2024 | | (103,055) |
| 2025 | | (98,945) |
| 2026 | | (97,001) |
| 2027 | | (52,740) |
| Thereafter | | (453) |
| Total | \$ | <u>(454,190)</u> |

D. Employee Retirement Pension Plan

1. Oregon Public Employees Retirement System (OPERS)

Plan Description:

The City and the Department are participating employers in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

ORS 238 Tier One/Tier Two Retirement Benefits:

Pension Benefits – The PERS retirement allowance benefit is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General services employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of eligible service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

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: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in a OPERS-covered job; or (4) member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits – A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

ORS 238A OPSRP Pension Program Benefits:

The Pension Program provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

For police and fire members, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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

Death Benefits – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Benefit Changes after Retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2016 and beyond will vary based on the amount of the annual benefit.

OPSRP Individual Account Program (IAP):

Pension Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account is 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 OPSRP Individual Account Program (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, or 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 amount.

Recordkeeping – OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2022 were \$3,705,946, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 27.81 percent for Tier One/Tier Two General Service Member and Tier One/Tier Two Police and Fire, 20.75 percent for OPSRP Pension Program General Service Members, 25.11 percent for OPSRP Pension Program Police and Fire Members.

Employee Contributions – Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$843,976 for the year ended June 30, 2022.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources related to Pensions:

At June 30, 2022, the City and Department reported liabilities of \$19,025,370 and \$6,257,043, respectively for their proportionate share of the plan pension liability excluding LOSAP. 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. Their proportionate shares were based on a projection of their long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. The City's proportionate share of the net pension liability as of the measurement date was 0.1590% and the Department's proportion was 0.0523%. The City's and Department's proportionate share at the prior measurement date was 0.1582% and 0.0503%, respectively.

For the year ended June 30, 2022, the City and Department recognized pension expense of \$2,176,235 and \$2,182,210, respectively. The Department has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates. At June 30, 2022, the City and Department reported deferred outflows of resources and deferred inflows of resources related to pensions excluding LOSAP from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 1,780,899 | \$ - |
| Changes of assumptions | 4,762,623 | 50,070 |
| Net difference between projected and actual earnings on investments | - | 14,084,334 |
| Changes in proportion | 1,019,203 | 2,528,688 |
| Differences between employer contributions and proportionate share of contributions | 561,764 | 302,795 |
| Total (prior to post-MD contributions) | 8,124,489 | 16,965,887 |
| Contributions subsequent to the MD | 3,705,946 | - |
| Total | \$ 11,830,435 | \$ 16,965,887 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Deferred outflow and inflow pension data for the Department:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 585,700 | \$ - |
| Changes of assumptions | 1,566,326 | 16,467 |
| Net difference between projected and actual earnings on investments | - | 4,632,040 |
| Changes in proportion | 1,842,674 | 349,255 |
| Differences between employer contributions and proportionate share of contributions | 145,800 | 60,881 |
| Total (prior to post-MD contributions) | 4,140,500 | 5,058,643 |
| Contributions subsequent to the MD | 1,287,835 | - |
| Total | \$ 5,428,335 | \$ 5,058,643 |

City and Department's contributions subsequent to the measurement date of \$3,705,946 and \$1,287,835, respectively, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City:

| Year ended June 30: | |
|---------------------|----------------|
| 2023 | \$ (2,376,183) |
| 2024 | (1,660,598) |
| 2025 | (2,123,772) |
| 2026 | (3,233,844) |
| 2027 | 552,999 |
| Total | \$ (8,841,398) |

Department:

| Year ended June 30: | |
|---------------------|--------------|
| 2023 | \$ 728,592 |
| 2024 | (246,862) |
| 2025 | (544,570) |
| 2026 | (1,025,823) |
| 2027 | 170,520 |
| Total | \$ (918,143) |

Actuarial Assumptions:

The employer contribution rates effective July 1, 2019 through June 30, 2021 were set using the entry age normal actuarial cost method.

For the ORS 238 Tier One/Tier Two component of the OPERS defined benefit plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over twenty years.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

For the ORS 238A OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year) and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years.

Actuarial Methods and Assumptions:

The total pension liability in the December 31, 2019 actuarial valuation was determined using the actuarial methods and assumptions that are the same as listed above in Note IV.C.3 – Actuarial Methods and Assumptions.

Long-Term Expected Rate of Return:

Are the same as listed above in Note IV.C.3 – Long-Term Expected Rate of Return.

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 is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; that is left to professional judgment.

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

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

Based on these circumstances, it is PERS' 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.

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Sensitivity of the City's and Department's proportionate share of the net pension asset to changes in the discount rate:

The following presents the City and Department's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

| | <u>1% Decrease (5.90%)</u> | <u>Discount Rate (6.90%)</u> | <u>1% Increase (7.90%)</u> |
|-----------------------------------------------------------------------|--------------------------------|----------------------------------|--------------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 37,361,275 | \$ 19,025,370 | \$ 3,684,872 |
| Department's proportionate share of the net pension liability (asset) | \$ 12,287,335 | \$ 6,257,043 | \$ 1,211,877 |

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payable to OPERS:

At June 30, 2022, the City's payable to OPERS for defined benefit contributions was approximately \$491,000. This amount represents legally required contributions to the plan for services incurred in the current fiscal year. The Department did not have outstanding contributions at June 30, 2022.

Changes in Plan Provisions During the Measurement Period:

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

Changes in Plan Provisions Subsequent to Measurement Period:

There were no changes subsequent to the June 30, 2021 measurement period that require disclosure.

2. McMinnville Fire Department Length of Service Awards Program

Plan Description:

Effective July 1, 1994, the City established the McMinnville Fire Department Length of Service Awards Program (LOSAP), a non-qualified retirement plan for the City's volunteer fire fighters. The LOSAP is a length of service award plan as provided for in Internal Revenue Code Section 457(e)(11)(A)(ii). The purpose of the LOSAP is to provide a retirement income for volunteers in recognition of their service to the City. This is a single employer, stand-alone plan, which does not issue its own financial statements.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Plan Benefits:

LOSAP participants become 100 percent vested upon five years of active service. Entitlement age varies depending on the years of service. Vested volunteer fire fighters attaining entitlement age are entitled to maximum annual benefits of \$20 per month multiplied by total years of service, not to exceed \$400 per month. At the inception of the plan, past service was limited to ten years and service prior to July 1, 1984 was excluded. Vested volunteer fire fighters who become inactive retain vested pension benefits earned through date of resignation. In addition to retirement benefits, the LOSAP also provides a \$20,000 term life insurance policy and a disability benefit to active members. The LOSAP is administered by VFIS, a division of Glatfelter Insurance Group. VFIS is an insurance provider that specializes in offering insurance products to emergency services organizations such as fire departments, ambulance and rescue squads, and 911 centers.

Contributions:

The City's LOSAP plan is unfunded as defined by governmental accounting standards. Contributions to the plan are determined on a pay-as-you-go basis. The LOSAP Master Plan does not require the City to guarantee the pay out of benefits nor to continue the plan. In addition, it is not intended that any trust for the benefit of participants is to be created by setting aside assets and/or purchasing annuities. However, the City has set aside assets and/or purchased annuities to discharge all or part of its expected benefit payments under the LOSAP. These assets remain in the name of the City and do not qualify as plan assets.

At June 30, 2021, there were 16 active employees, 23 inactive employees that are entitled but not yet receiving benefit payments and 7 inactive employees that are receiving benefit payments.

Employer contributions for the City were \$21,048, \$21,894, and \$21,876 for fiscal years 2022, 2021, and 2020, respectively.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources related to Pensions:

For the year ended June 30, 2022, the LOSAP pension expense as defined by GASB 68 was \$34,178.

For the LOSAP plan, at June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience | \$ 10,861 | \$ 40,984 |
| Changes of assumptions | 181,793 | 249,402 |
| Total | \$ 192,654 | \$ 290,386 |

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

LOSAP deferred outflows of resources related to pensions will be recognized and deferred inflows of resources will be recognized in pension expense (income) as follows:

| Year ended June 30: | |
|---------------------|-------------|
| 2023 | \$ (10,734) |
| 2024 | (6,643) |
| 2025 | (6,643) |
| 2026 | (7,012) |
| 2027 | (22,074) |
| 2028 | (44,626) |
| Total | \$ (97,732) |

Actuarial Assumptions:

Costs and liabilities for LOSAP were calculated using the entry age normal actuarial cost method.

Under this method, the actuarial present value of the projected benefits of each active volunteer included in the valuation is allocated on a level percent of pay basis over the service of the active volunteer between assumed entry age (date of hire) and assumed exit age(s). The portion of this actuarial present value allocated to the valuation year is called the service cost for that active volunteer. The sum of these individual service costs is the LOSAP's Service Cost for the valuation year.

Actuarial Methods and Assumptions:

| | |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation Rate | 2.50 percent |
| Discount Rate | 3.54 percent |
| Mortality | <p>Healthy mortality rates are based on the RP 2014 Blue Collar generational tables projected forward using Scale MP 2021.</p> <p>Disability rates and disability mortality are assumed to follow those used in the 2020 Oregon PERS valuation for Police and Fire employees.</p> |

Liabilities will be satisfied through monthly payments made by the City. In the prior valuation, it was assumed that liabilities would be satisfied by the purchase of annuities.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

Sensitivity of the proportionate share of the LOSAP net pension liability to changes in the discount rate:

The following represents the proportionate share of the LOSAP pension liability calculated using the discount rate of 3.54 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease (2.54%) | Discount Rate (3.54%) | 1% Increase (4.54%) |
|-----------------------------|--------------------------------|----------------------------------|--------------------------------|
| Net LOSAP pension liability | \$ 1,258,552 | \$ 1,069,882 | \$ 920,758 |

Changes in total pension liability:

| | Net LOSAP Pension Liability |
|-----------------------------------------|----------------------------------------|
| Balance as of June 30, 2021 | \$ 1,357,933 |
| Changes for the year: | |
| Service cost | 15,643 |
| Interest on total pension liability | 29,778 |
| Effect of assumptions changes or input: | (274,901) |
| Benefit payments | (21,048) |
| Experience (gain)/loss | (37,523) |
| Balance as of June 30, 2022 | \$ 1,069,882 |

E. Commitments and Contingencies

1. City

At June 30, 2022, the City was committed to 17 contracts. In the major governmental funds, a total of approximately \$511,000 is for capital maintenance professional services, \$467,000 for other professional services, \$386,000 for ambulances and \$86,000 in Municipal Airport activities. In the non-major fund for Emergency Communication \$102,000 is for communications equipment maintenance, Other non-major fund commitments include \$211,000 remaining in parks master planning services, \$695,000 in street maintenance services and \$230,000 in transportation fund commitments. In the Wastewater Fund, a business-type activity, approximately \$3.42 million remained on contracts for sanitary sewer rehabilitation projects and a water reclamation facility biosolids project.

The City purchases workers' compensation insurance from SAIF, a non-profit workers comp insurance provider in Oregon. Formerly, the city contracted with CIS for workers comp in a plan where the initial premium contribution for the plan is calculated using a retrospective rate. The premium was then adjusted throughout the period of coverage based on the City's actual workers' compensation claims. The premium is subject to a minimum (initial contribution) and a maximum limit. The maximum limit is designed to compensate the insurer if larger than expected losses are incurred. At June 30, 2022, the City had two open plan years remaining with a total potential remaining liability of \$587,813. The potential remaining liability is the difference between the premium that has been paid by the City and the maximum limit for the premium. For comparison purposes, workers' compensation retrospective plan premiums paid by the City in fiscal years ended June 30, 2022, 2021, and 2020 were \$391,000, \$348,000 and \$275,000, respectively.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

2. Department

The Department purchases power from Priest Rapids Development and Wanapum Development and is required to pay a portion of the development costs under these contracts through April 1, 2052, which coincides with the expiration of the new FERC license (unless terminated earlier under terms of the contract.) Costs associated with these contracts for the year ended June 30, 2022 were approximately \$760,000.

F. Major Customer and Supplier – Department

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2022 in amounts exceeding ten percent of total sales. This customer accounted for approximately \$14,034,000 of revenues during the year ended June 30, 2022. At June 30, 2022, accounts receivable from this same customer amounted to approximately \$1,147,257.

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2022 in amounts exceeding ten percent of the total of such purchases. The supplier accounted for \$28,465,000 of purchases during the year ended June 30, 2022. At June 30, 2022, amounts due to this same supplier, and included in accounts payable, amounted to \$2,178,500.

G. Jointly Governed Organization – City

The City entered into a joint operational agreement effective January 1, 1988 with other local governments. Under the terms of this agreement, an intergovernmental agency known as Yamhill Communications Agency (YCOM) was established to provide public safety communication services to member jurisdictions.

YCOM is partially funded by member contributions, which are based on a cost-sharing formula determined by the YCOM Executive Board. The City paid \$782,000 in member contributions to YCOM in fiscal year 2022. YCOM also receives 911 Excise Taxes that are charged on telephone exchange access services and are collected by the State of Oregon. The City received approximately \$31,000 from YCOM for providing operational space within the Police Department.

The governing body of YCOM is a five-member Executive Board. The five members include the Sheriff of Yamhill County, a Yamhill County Commissioner, a representative of the City of McMinnville, a representative of YCOM's city members excluding the City of McMinnville, and a representative of YCOM's fire districts. The Sheriff serves as the Chair of the Executive Board. The Executive Board members have full voting powers over all areas affecting YCOM including budget, public policy, and administration.

Associate members do not receive direct public safety communication services but wish to remain affiliated with YCOM. Associate members may not serve on the Executive Board. Contributions for associate members are determined by the Executive Board.

Financial statements for YCOM may be obtained at Yamhill County, Accounting Division, 535 NE 5th Street, McMinnville, Oregon 97128.

H. McMinnville Rural Fire Protection District

McMinnville Rural Fire Protection District (MRFPD) contracts with the City for fire protection services. For fiscal year 2022, the City received \$410,447 from MRFPD for contract services, which is included in fire department charges for services in the government-wide statement of activities and in the General Fund's Intergovernmental Revenue in the fund financial statement of revenues, expenditures, and changes in fund balances.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2022

I. Tax Abatement

The City of McMinnville has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced. The City's property tax revenue for the year ended June 30, 2022 has been abated under the following programs:

| <u>Program and Statutory Authority</u> | <u>Amount of Abatement</u> |
|--------------------------------------------------------------|------------------------------------------|
| Housing for low income rental ORS 307.517 | \$ 62,322 |
| Historic property ORS 358.475 - 358.545 | <u> 6,656</u> |
| Total | <u><u> \$ 68,978</u></u> |

J. Deficit Fund Balance/Net Position

The following fund had a deficit fund balance/net position at June 30, 2022. This deficit will be financed through future revenues.

| <u>Fund</u> | <u>Amount</u> |
|---------------------------------|----------------|
| Urban Renewal Debt Service Fund | \$ (1,027,580) |

K. New Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, Leases. GASB Statement 87 establishes new standards for accounting and financial reporting for leases by governments. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2019. The City implemented Statement 87 for the year ending June 30, 2022.



**City of
McMinnville**

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
 - General Fund
 - Airport Maintenance Fund
 - Grants and Special Assessment Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of the Proportionate Share of OPEB - RHIA
- Schedule of Contributions to OPEB - RHIA
- Schedule of Changes in OPEB Liability and Related Ratios - Implicit Rate Subsidy
- Schedule of Contributions to OPEB - Implicit Rate Subsidy

CITY OF MCMINNVILLE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|--------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 15,272,000 | \$ 15,272,000 | \$ 15,088,868 | \$ (183,132) |
| Licenses and permits | 3,789,670 | 3,789,670 | 4,149,546 | 359,876 |
| Intergovernmental | 3,267,521 | 3,597,521 | 3,910,352 | 312,831 |
| Charges for services | 4,829,705 | 4,829,705 | 4,125,347 | (704,358) |
| Fines and forfeitures | 420,500 | 420,500 | 359,948 | (60,552) |
| Miscellaneous | 800,168 | 820,168 | 769,094 | (51,074) |
| Total revenues | 28,379,564 | 28,729,564 | 28,403,155 | (326,409) |
| EXPENDITURES: | | | | |
| General government: | | | | |
| Administration | 1,443,624 | 1,736,287 | 1,533,989 | 202,298 |
| Finance | 657,173 | 790,373 | 755,255 | 35,118 |
| Community development: | | | | |
| Engineering | 1,057,828 | 1,007,065 | 795,778 | 211,287 |
| Planning | 1,373,531 | 1,388,331 | 979,080 | 409,251 |
| Public safety: | | | | |
| Police | 9,252,701 | 9,290,101 | 8,549,124 | 740,977 |
| Municipal court | 505,812 | 583,412 | 515,124 | 68,288 |
| Fire | 9,400,338 | 9,624,638 | 9,065,190 | 559,448 |
| Culture and recreation: | | | | |
| Parks and recreation | 3,133,535 | 3,215,435 | 2,217,261 | 998,174 |
| Park maintenance | 1,389,713 | 1,409,713 | 1,297,281 | 112,432 |
| Library | 1,835,005 | 2,108,105 | 2,024,623 | 83,482 |
| Nondepartmental: | | | | |
| Personnel services | 51,097 | 51,097 | 6,474 | 44,623 |
| Debt service: | | | | |
| Principal | 468,660 | 468,660 | 468,660 | - |
| Interest | 100,930 | 100,930 | 100,930 | - |
| Contingency | 1,000,000 | 683,578 | - | 683,578 |
| Total expenditures | 31,669,947 | 32,457,725 | 28,308,769 | 4,148,956 |
| Revenues over (under) expenditures | (3,290,383) | (3,728,161) | 94,386 | 3,822,547 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 30,267 | 30,267 |
| Interfund loan proceeds | 187,297 | 187,297 | 187,297 | - |
| Interfund loan payments | (161,621) | (161,621) | (157,632) | 3,989 |
| Transfers in | 1,739,616 | 1,760,975 | 1,898,297 | 137,322 |
| Transfers out | (1,276,163) | (1,289,501) | (1,289,500) | 1 |
| Total other financing sources (uses) | 489,129 | 497,150 | 668,729 | 171,579 |
| Net change in fund balance | (2,801,254) | (3,231,011) | 763,115 | 3,994,126 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 4,957,677 | 5,439,415 | 5,761,757 | 322,342 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 2,156,423 | \$ 2,208,404 | 6,524,872 | \$ 4,316,468 |
| Outstanding interfund loan receivable | | | 1,610,060 | |
| Outstanding interfund loan payable | | | (567,208) | |
| FUND BALANCE, ENDING GAAP BASIS | | | \$ 7,567,724 | |

CITY OF MC MINNVILLE, OREGON
AIRPORT MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,559,207 | \$ 1,559,207 | \$ 1,385,460 | \$ (173,747) |
| Charges for services | 351,602 | 351,602 | 390,969 | 39,367 |
| Miscellaneous | 12,500 | 12,500 | 22,837 | 10,337 |
| Total revenues | <u>1,923,309</u> | <u>1,923,309</u> | <u>1,799,266</u> | <u>(124,043)</u> |
| EXPENDITURES: | | | | |
| Airport: | | | | |
| Personnel service | - | - | 579 | (579) * |
| Materials and services | 410,425 | 418,685 | 364,949 | 53,736 * |
| Capital outlay | 1,341,382 | 1,341,382 | 1,272,907 | 68,475 * |
| Contingency | 300,000 | 296,895 | - | 296,895 |
| Total expenditures | <u>2,051,807</u> | <u>2,056,962</u> | <u>1,638,435</u> | <u>418,527</u> |
| Revenues over (under) expenditures | <u>(128,498)</u> | <u>(133,653)</u> | <u>160,831</u> | <u>294,484</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(101,582)</u> | <u>(96,427)</u> | <u>(96,427)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(101,582)</u> | <u>(96,427)</u> | <u>(96,427)</u> | <u>-</u> |
| Net change in fund balance | (230,080) | (230,080) | 64,404 | 294,484 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | <u>433,296</u> | <u>433,296</u> | <u>552,839</u> | <u>119,543</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ 203,216</u> | <u>\$ 203,216</u> | <u>\$ 617,243</u> | <u>\$ 414,027</u> |

* Expenditures are appropriated together as airport operations

CITY OF MCMINNVILLE, OREGON
GRANTS AND SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 60,000 | \$ 60,000 | \$ 74,910 | \$ 14,910 |
| Intergovernmental | 7,406,800 | 7,406,800 | 176,417 | (7,230,383) |
| Miscellaneous | 1,250 | 1,250 | 21,873 | 20,623 |
| Total revenues | <u>7,468,050</u> | <u>7,468,050</u> | <u>273,200</u> | <u>(7,194,850)</u> |
| EXPENDITURES: | | | | |
| General government: | | | | |
| Materials and services | 7,466,800 | 7,466,800 | 250,236 | 7,216,564 |
| Contingency | 35,000 | 34,701 | - | 34,701 |
| Total expenditures | <u>7,501,800</u> | <u>7,501,501</u> | <u>250,236</u> | <u>7,251,265</u> |
| Revenues over (under) expenditures | <u>(33,750)</u> | <u>(33,451)</u> | <u>22,964</u> | <u>56,415</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(7,702)</u> | <u>(8,001)</u> | <u>(8,001)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(7,702)</u> | <u>(8,001)</u> | <u>(8,001)</u> | <u>-</u> |
| Net change in fund balance | (41,452) | (41,452) | 14,963 | 56,415 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | <u>133,979</u> | <u>133,979</u> | <u>133,795</u> | <u>(184)</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ 92,527</u> | <u>\$ 92,527</u> | <u>\$ 148,758</u> | <u>\$ 56,231</u> |

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Ten Fiscal Years¹

| City | (a) City's | (b) City's | (c) City's | (b/c) City's | Plan fiduciary |
|------------------------------|-------------------------------------------------------|----------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Measurement Date June 30, | proportion of the net pension liability (asset) | proportionate share of the net pension liability (asset) | covered payroll | proportionate share of the net pension liability (asset) as a percentage of its covered payroll | net position as a percentage of the total pension liability |
| 2021 | 0.15898886% | \$ 19,025,370 | \$ 15,074,044 | 126.21% | 87.60% |
| 2020 | 0.15816053% | 34,516,068 | 14,648,781 | 235.62% | 75.80% |
| 2019 | 0.16803680% | 29,066,342 | 14,345,060 | 202.62% | 80.20% |
| 2018 | 0.14991760% | 22,710,542 | 13,566,496 | 167.40% | 82.10% |
| 2017 | 0.15823662% | 21,330,356 | 12,704,671 | 167.89% | 83.10% |
| 2016 | 0.16659100% | 25,009,124 | 12,346,146 | 202.57% | 80.53% |
| 2015 | 0.18762836% | 10,772,610 | 11,689,472 | 92.16% | 91.90% |
| 2014 | 0.18541902% | (4,202,920) | 11,141,496 | -37.72% | 103.60% |
| 2013 | 0.18541902% | 9,462,204 | 10,951,360 | 86.40% | 91.97% |

| Department | (a) | (b) | (c) | (b/c) | Plan fiduciary |
|------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Measurement Date June 30, | Department's proportion of the net pension liability (asset) | Department's proportionate share of the net pension liability (asset) | Department's covered payroll | Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | net position as a percentage of the total pension liability |
| 2021 | 0.05228808% | \$ 6,257,043 | \$ 5,330,572 | 117.38% | 75.80% |
| 2020 | 0.05025634% | 10,967,662 | 5,000,050 | 219.35% | 75.80% |
| 2019 | 0.04704994% | 8,138,513 | 4,865,881 | 167.26% | 80.20% |
| 2018 | 0.05375311% | 8,142,888 | 4,888,677 | 166.57% | 82.10% |
| 2017 | 0.05938144% | 8,004,641 | 4,999,100 | 160.12% | 83.10% |
| 2016 | 0.06251600% | 9,385,171 | 4,876,213 | 192.47% | 80.53% |
| 2015 | 0.07041000% | 3,990,001 | 4,858,713 | 82.12% | 91.90% |
| 2014 | 0.06593000% | (1,494,371) | 4,665,911 | -32.03% | 103.60% |

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This 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.

NOTES TO SCHEDULE

Plan is provided to employees with pensions through defined benefit plans that are not administered through trusts or equivalent arrangements.

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments(COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments(COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSIONS
For the Last Ten Fiscal Years ¹

| City | Year Ended June 30, | (a) Statutorily required contribution | (b) Contributions in relation to the statutorily required contribution | (a-b) Contribution deficiency (excess) | (c) City's covered payroll | (b/c) Contributions as a percent of covered payroll |
|------|---------------------|------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------|-------------------------------|--------------------------------------------------------|
| | | | | | | |
| | 2022 | \$ 3,705,946 | \$ 3,705,946 | - | \$ 15,464,857 | 23.96% |
| | 2021 | 3,661,207 | 3,661,207 | - | 15,074,044 | 24.29% |
| | 2020 | 3,366,306 | 3,366,306 | - | 14,648,781 | 22.98% |
| | 2019 | 2,671,712 | 2,671,712 | - | 14,345,060 | 18.62% |
| | 2018 | 2,420,608 | 2,420,608 | - | 13,566,496 | 17.84% |
| | 2017 | 2,144,698 | 2,144,698 | - | 12,704,671 | 16.88% |
| | 2016 | 2,115,936 | 2,115,936 | - | 12,346,146 | 17.14% |
| | 2015 | 1,692,462 | 1,692,462 | - | 11,689,472 | 14.48% |
| | 2014 | 1,658,475 | 1,658,475 | - | 11,141,496 | 14.89% |

| Department | Year Ended June 30, | (a) Statutorily required contribution | (b) Contributions in relation to the statutorily required contribution | (a-b) Contribution deficiency (excess) | (c) Department's covered payroll | (b/c) Contributions as a percent of covered payroll |
|------------|---------------------|------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------|-------------------------------------|--------------------------------------------------------|
| | | | | | | |
| | 2022 | \$ 1,287,835 | \$ 1,287,835 | - | \$ 5,630,164 | 22.87% |
| | 2021 | 1,154,464 | 1,154,464 | - | 5,330,572 | 21.66% |
| | 2020 | 1,086,161 | 1,086,161 | - | 5,000,050 | 21.72% |
| | 2019 | 820,096 | 820,096 | - | 4,865,881 | 16.85% |
| | 2018 | 751,095 | 751,095 | - | 4,888,677 | 15.36% |
| | 2017 | 804,840 | 804,840 | - | 4,999,100 | 16.10% |
| | 2016 | 691,701 | 691,701 | - | 4,876,213 | 14.19% |
| | 2015 | 601,765 | 601,765 | - | 4,858,713 | 12.39% |

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This 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.

NOTES TO SCHEDULE

Plan is provided to employees with pensions through defined benefit plans that are not administered through trusts or equivalent arrangements.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

| | December 31, 2017 | December 31, 2015 | December 31, 2013 | December 31, 2011 |
|--------------------------------|-----------------------------|---------------------|---------------------|-----------------------|
| Actuarial valuation | July 2019-June 2021 | July 2017-June 2019 | July 2015-June 2017 | July 2013-June 2015 |
| Effective | Entry Age Normal | | | Projected Unit Credit |
| Actuarial cost method | Level percentage of payroll | | | |
| Amortization method | Market Value | | | |
| Asset valuation method | 20 years | | | N/A |
| Remaining amortization periods | 2.50 percent | | 2.75 percent | |
| Actuarial assumptions: | 3.50 percent | | | |
| Inflation rate | 7.20 percent | 7.50 percent | 7.75 percent | 8.00 percent |
| Projected salary increases | | | | |
| Investment rate of return | | | | |

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA
For the Last Ten Fiscal Years¹

City - OPERS Retirement Health Insurance Account

| Measurement Date June 30, | (a) City's proportion of the net OPEB liability (asset) | (b) City's proportionate share of the net OPEB liability (asset) | (c) City's covered payroll | (b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 2021 | 0.17570348% | \$ (603,367) | \$ 15,074,044 | -4.00% | 183.9% |
| 2020 | 0.11569878% | (235,748) | 14,648,781 | -1.61% | 150.1% |
| 2019 | 0.13236308% | (255,773) | 14,345,060 | -1.78% | 144.4% |
| 2018 | 0.12981751% | (144,912) | 13,566,496 | -1.07% | 124.0% |
| 2017 | 0.12462946% | (52,013) | 12,704,671 | -0.41% | 108.9% |
| 2016 | 0.13230662% | 35,930 | 12,346,146 | 0.29% | 108.9% |

Department - OPERS Retirement Health Insurance Account

| Measurement Date June 30, | (a) Department's proportion of the net OPEB liability (asset) | (b) Department's proportionate share of the net OPEB liability (asset) | (c) Covered payroll | (b/c) Department's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 2021 | 0.03948631% | \$ (135,596) | \$ 5,330,572 | -2.54% | 183.9% |
| 2020 | 0.02964946% | (60,414) | 5,000,050 | -1.21% | 150.1% |
| 2019 | 0.04619607% | (89,267) | 4,865,881 | -1.83% | 144.4% |
| 2018 | 0.04653525% | (51,946) | 4,888,677 | -1.06% | 124.0% |
| 2017 | 0.04676968% | (19,519) | 4,999,100 | -0.39% | 108.9% |
| 2016 | 0.04965069% | 13,483 | 4,876,213 | 0.28% | 108.9% |

NOTES TO SCHEDULE

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This 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.

Changes of Assumptions:

Plan is provided to employees with other postemployment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements.

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - RHIA
For the Last Ten Fiscal Years¹

City - OPERS Retirement Health Insurance Account

| Year Ended June 30, | (a) Contractually determined contribution | (b) Contributions in relation to the actuarially required contribution | (a-b) Contribution deficiency (excess) | (c) City's covered payroll | (b/c) Contributions as a percent of covered payroll |
|---------------------|----------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------|-------------------------------|--------------------------------------------------------|
| 2022 | \$ 2,383 | \$ 2,383 | \$ - | \$ 15,464,857 | 0.02% |
| 2021 | 44,056 | 44,056 | - | 15,074,044 | 0.29% |
| 2020 | 8,262 | 8,262 | - | 14,648,781 | 0.06% |
| 2019 | 65,602 | 65,602 | - | 14,345,060 | 0.46% |
| 2018 | 62,455 | 62,455 | - | 13,566,496 | 0.46% |
| 2017 | 61,907 | 61,907 | - | 12,704,671 | 0.49% |

Department - OPERS Retirement Health Insurance Account

| Year Ended June 30, | (a) Contractually determined contribution | (b) Contributions in relation to the actuarially required contribution | (a-b) Contribution deficiency (excess) | (c) Covered payroll | (b/c) Contributions as a percent of covered payroll |
|---------------------|----------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------|------------------------|--------------------------------------------------------|
| 2022 | \$ 1,067 | \$ 2,383 | \$ - | \$ 5,630,164 | 0.04% |
| 2021 | 1,057 | 1,057 | - | 5,330,572 | 0.02% |
| 2020 | 2,117 | 2,117 | - | 5,000,050 | 0.04% |
| 2019 | 22,896 | 22,896 | - | 4,865,881 | 0.47% |
| 2018 | 24,000 | 24,000 | - | 4,888,677 | 0.49% |
| 2017 | 23,000 | 23,000 | - | 4,999,100 | 0.46% |

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This 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.

NOTES TO SCHEDULE

Plan is provided to employees with other postemployment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

| | | | | |
|---------------------------------|------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| Actuarial valuation: | December 31, 2017 | December 31, 2015 | December 31, 2013 | December 31, 2011 |
| Effective: | July 2019 - June 2021 | July 2017 - June 2019 | July 2015 - June 2017 | July 2013 - June 2015 |
| Actuarial cost method: | Entry Age Normal | | | Projected Unit Credit |
| Amortization method: | Level percentage of payroll, closed | | | |
| Amortization period: | 10 years | | | |
| Asset valuation method: | Market value | | | |
| Remaining amortization periods: | 10 years | 20 years | N/A | |
| Actuarial assumptions | | | | |
| Inflation rate | 2.50 percent | | 2.75 percent | |
| Projected salary increases | 3.50 percent | | 3.75 percent | |
| Investment rate of return | 7.20 percent | 7.50 percent | 7.75 percent | 8.00 percent |
| Healthcare cost trend rates | None. Statute stipulates \$60 monthly payment for healthcare insurance | | | |

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

| City | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service Interest | \$ 101,203 | \$ 79,797 | \$ 70,664 | \$ 143,891 | \$ 156,197 |
| Interest | 32,133 | 45,165 | 45,716 | 79,991 | 64,110 |
| Differences between economic/demographic gains or losses | - | 142,487 | - | (959,788) | - |
| Changes of assumptions | 5,851 | (70,713) | 40,455 | (179,625) | (164,168) |
| Benefit payment | (60,445) | (48,629) | (64,858) | (63,859) | (54,197) |
| Net change in total OPEB liability | <u>78,742</u> | <u>148,107</u> | <u>91,977</u> | <u>(979,390)</u> | <u>1,942</u> |
| Total OPEB liability - beginning | <u>1,382,834</u> | <u>1,234,727</u> | <u>1,142,750</u> | <u>2,122,140</u> | <u>2,120,198</u> |
| Total OPEB liability - ending (a) | <u>\$ 1,461,576</u> | <u>\$ 1,382,834</u> | <u>\$ 1,234,727</u> | <u>\$ 1,142,750</u> | <u>\$ 2,122,140</u> |
| Covered-employee payroll | \$ 15,464,857 | \$ 15,074,044 | \$ 14,648,781 | \$ 14,345,060 | \$ 13,566,496 |
| Total OPEB liability as a percentage of covered-employee payroll | 9.45% | 9.17% | 8.43% | 7.97% | 15.64% |
| Department | | | | | |
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | | | |
| Service Interest | \$ 52,032 | \$ 44,132 | \$ 38,871 | \$ 80,853 | \$ 88,568 |
| Interest | 32,293 | 53,716 | 59,779 | 81,690 | 70,010 |
| Differences between economic/demographic gains or losses | - | (3,225) | - | - | - |
| Difference between expected and actual experience | - | - | - | 34,195 | - |
| Changes of assumptions | 4,803 | (34,242) | 42,160 | (699,861) | (138,226) |
| Benefit payment | (144,637) | (138,581) | (173,010) | (210,866) | (164,408) |
| Net RHIA change | (75,182) | 28,853 | (37,320) | (32,427) | (33,002) |
| Net change in total OPEB liability | <u>(130,691)</u> | <u>(49,347)</u> | <u>(69,520)</u> | <u>(746,416)</u> | <u>(177,058)</u> |
| Total OPEB liability - beginning | <u>1,420,684</u> | <u>1,470,031</u> | <u>1,539,551</u> | <u>2,285,967</u> | <u>2,463,025</u> |
| Total OPEB liability - ending (a) | <u>\$ 1,289,993</u> | <u>\$ 1,420,684</u> | <u>\$ 1,470,031</u> | <u>\$ 1,539,551</u> | <u>\$ 2,285,967</u> |
| Covered-employee payroll | \$ 5,630,164 | \$ 5,330,572 | \$ 5,000,050 | \$ 4,865,881 | \$ 4,888,677 |
| Total OPEB liability as a percentage of covered-employee payroll | 22.91% | 26.65% | 29.40% | 31.64% | 46.76% |

NOTES TO SCHEDULE

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

¹This 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 MCMINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

| City | (a) | (b) | (a-b) | (c) | (b/c) |
|---------------------|-------------------------------------|--------------------------------------------------------------------|----------------------------------|------------------------|-----------------------------------------------|
| Year Ended June 30, | Actuarially determined contribution | Contributions in relation to the actuarially required contribution | Contribution deficiency (excess) | City's covered payroll | Contributions as a percent of covered payroll |
| 2022 | \$ 65,548 | \$ 65,548 | \$ - | \$ 15,464,857 | 0.42% |
| 2021 | 32,283 | 32,283 | - | 15,074,044 | 0.21% |
| 2020 | 48,629 | 48,629 | - | 14,648,781 | 0.33% |
| 2019 | 64,858 | 64,858 | - | 14,345,060 | 0.45% |
| 2018 | 63,859 | 63,859 | - | 13,566,496 | 0.47% |
| 2017 | 54,197 | 54,197 | - | 12,704,671 | 0.43% |

Department

| Year Ended June 30, | (a) | (b) | (a-b) | (c) | (b/c) |
|-------------------------------------|--------------------------------------------------------------------|----------------------------------|-----------------|-----------------------------------------------|-------|
| Actuarially determined contribution | Contributions in relation to the actuarially required contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percent of covered payroll | |
| 2022 | \$ 126,582 | \$ 126,582 | \$ - | \$ 5,630,164 | 2.25% |
| 2021 | 145,694 | 145,694 | - | 5,330,572 | 2.73% |
| 2020 | 140,698 | 140,698 | - | 5,000,050 | 2.81% |
| 2019 | 173,011 | 173,011 | - | 4,865,881 | 3.56% |
| 2018 | 210,866 | 210,866 | - | 4,888,677 | 4.31% |
| 2017 | 164,408 | 164,408 | - | 4,999,100 | 3.29% |

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

¹This 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.

NOTES TO SCHEDULE

Plan is provided to employees with other postemployment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements.

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

| | | | |
|---------------------------------|-------------------------------------|------------------------|------------------------|
| Actuarial valuation: | July 1, 2020 | July 1, 2018 | July 1, 2016 |
| Effective: | June 30, 2020 and 2021 | June 30, 2018 and 2019 | June 30, 2016 and 2017 |
| Actuarial cost method: | Entry Age Normal | | |
| Amortization method: | Level percentage of payroll, closed | | |
| Amortization period: | 5.8 years | 6.8 years | 7.7 years |
| Asset valuation method: | Market value | | |
| Remaining amortization periods: | 20 years | | |
| Actuarial assumptions: | | | |
| Inflation rate | 2.50 percent | 2.50 percent | 2.50 percent |
| Projected salary increases | 2.50 percent | 2.50 percent | 2.50 percent |

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules
 - Transportation Fund
 - Debt Service Fund
 - Urban Renewal Debt Service Fund
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules
 - Nonmajor Governmental Funds
 - Enterprise Funds
 - Internal Service Funds

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

Affordable Housing Fund

This fund accounts for grant proceeds under the Oregon Department of Administrative Service Navigation Center. In future periods it will also include activity associated with the city's Construction Excise Tax.

Transient Lodging Fund

This fund accounts for transient lodging taxes collected from the occupants of temporary lodgings, such as hotels and motels.

Telecommunications Fund

This fund accounts for franchise fees received from service providers that operate telecommunications and cable systems within the public rights-of-way.

Emergency Communications Fund

This fund accounts for the City's participation in the 911 Central Emergency Dispatch Center operated by Yamhill Communications Agency (YCOM).

Street Fund

The principal revenue for this fund is state gas tax revenues used to pay for street maintenance, pavement repairs, equipment purchases, and street lighting.

Building Fund

This fund accounts for fees for building inspections and plan review of residential, commercial and industrial projects.

Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital items and facilities. The funds included in this category are:

Park Development Fund

This fund accounts for the 2001 Park System Improvement bond proceeds. Other revenues include park system development charges (SDCs), grants, and donations which are used for park system expansion and improvements.

Urban Renewal Fund

This fund accounts for capital improvement projects intended to foster economic growth and revitalization with the City.

CITY OF MCMINNVILLE, OREGON
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 201,248 | \$ 201,248 | \$ 201,248 | \$ - |
| Charges for services | 400,000 | 400,000 | 678,011 | 278,011 |
| Miscellaneous | 34,000 | 34,000 | 13,126 | (20,874) |
| Total revenues | 635,248 | 635,248 | 892,385 | 257,137 |
| EXPENDITURES: | | | | |
| Highways and streets: | | | | |
| Materials and services | 398,500 | 398,500 | 50,442 | 348,058 |
| Capital outlay | 685,000 | 685,000 | 175,725 | 509,275 |
| Debt service: | | | | |
| Principal | 146,097 | 146,097 | 146,097 | - |
| Interest | 55,151 | 55,151 | 55,151 | - |
| Contingency | 500,000 | 494,441 | - | 494,441 |
| Total expenditures | 1,784,748 | 1,779,189 | 427,415 | 1,351,774 |
| Revenues over (under) expenditures | (1,149,500) | (1,143,941) | 464,970 | 1,608,911 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 200,000 | 200,000 | 200,000 | - |
| Transfers out | (109,194) | (114,753) | (114,753) | - |
| Total other financing sources (uses) | 90,806 | 85,247 | 85,247 | - |
| Net change in fund balance | (1,058,694) | (1,058,694) | 550,217 | 1,608,911 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 2,983,528 | 2,983,528 | 2,930,746 | (52,782) |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 1,924,834 | \$ 1,924,834 | \$ 3,480,963 | \$ 1,556,129 |

CITY OF MCMINNVILLE, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 2,767,000 | \$ 2,767,000 | \$ 2,790,670 | \$ 23,670 |
| Miscellaneous | 14,000 | 14,000 | 11,531 | (2,469) |
| Total revenues | 2,781,000 | 2,781,000 | 2,802,201 | 21,201 |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 2,710,000 | 2,710,000 | 2,710,000 | - |
| Interest | 924,900 | 924,900 | 924,900 | - |
| Total expenditures | 3,634,900 | 3,634,900 | 3,634,900 | - |
| Revenues over (under) expenditures | (853,900) | (853,900) | (832,699) | 21,201 |
| Net change in fund balance | (853,900) | (853,900) | (832,699) | 21,201 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 1,302,284 | 1,302,284 | 1,296,097 | (6,187) |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 448,384 | \$ 448,384 | \$ 463,398 | \$ 15,014 |

CITY OF MCMINNVILLE, OREGON
URBAN RENEWAL DEBT SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|------------|------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 446,200 | \$ 446,200 | \$ 518,537 | \$ 72,337 |
| Miscellaneous | 4,000 | 4,000 | 2,430 | (1,570) |
| Total revenues | 450,200 | 450,200 | 520,967 | 70,767 |
| EXPENDITURES: | | | | |
| Contingency | 100,000 | 100,000 | - | 100,000 |
| Total expenditures | 100,000 | 100,000 | - | 100,000 |
| Revenues over (under) expenditures | 350,200 | 350,200 | 520,967 | 170,767 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund loan payments | - | - | (187,297) | (187,297) * |
| Transfers out | (414,374) | (414,374) | (40,221) | 374,153 * |
| Total other financing sources (uses) | (414,374) | (414,374) | (227,518) | 186,856 |
| Net change in fund balance | (64,174) | (64,174) | 293,449 | 357,623 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 219,204 | 219,204 | 289,031 | 69,827 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 155,030 | \$ 155,030 | 582,480 | \$ 427,450 |
| Interfund loan payable | | | (1,610,060) | |
| FUND BALANCE, ENDING | | | \$ (1,027,580) | |

* Appropriated together as transfers out

CITY OF MCMINNVILLE, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2022

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------------|
| ASSETS: | | | |
| Accounts receivable, net | \$ 817,898 | \$ - | \$ 817,898 |
| Restricted cash and investments | 6,143,043 | 2,208,455 | 8,351,498 |
| | | | |
| Total assets | <u>\$ 6,960,941</u> | <u>\$ 2,208,455</u> | <u>\$ 9,169,396</u> |
| LIABILITIES: | | | |
| Accounts payable and accrued expenses | \$ 442,070 | \$ 49,364 | \$ 491,434 |
| Accrued payroll and other payroll liabilities | 30,352 | - | 30,352 |
| Advances to other funds | 174,026 | - | 174,026 |
| Unearned revenue | 2,009,015 | - | 2,009,015 |
| | | | |
| Total liabilities | <u>2,655,463</u> | <u>49,364</u> | <u>2,704,827</u> |
| DEREFED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue - other | <u>732</u> | <u>-</u> | <u>732</u> |
| | | | |
| Total deferred inflows of resources | <u>732</u> | <u>-</u> | <u>732</u> |
| FUND BALANCE: | | | |
| Restricted | 2,225,609 | 2,159,091 | 4,384,700 |
| Committed | 152,469 | - | 152,469 |
| Assigned | 1,926,668 | - | 1,926,668 |
| | | | |
| Total fund balance | <u>4,304,746</u> | <u>2,159,091</u> | <u>6,463,837</u> |
| | | | |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 6,960,941</u> | <u>\$ 2,208,455</u> | <u>\$ 9,169,396</u> |

CITY OF MCMINNVILLE, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|----------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------------|
| REVENUES: | | | |
| Licenses and permits | \$ 2,923,623 | \$ - | \$ 2,923,623 |
| Intergovernmental | 2,772,964 | - | 2,772,964 |
| Charges for services | 15,480 | 401,250 | 416,730 |
| Miscellaneous | 30,359 | 79,146 | 109,505 |
| | <u>5,742,426</u> | <u>480,396</u> | <u>6,222,822</u> |
| Total revenues | | | |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 1,414,742 | - | 1,414,742 |
| Public safety | 830,045 | - | 830,045 |
| Highways and streets | 2,142,117 | - | 2,142,117 |
| Culture and recreation | - | 50,301 | 50,301 |
| Community development | 704,747 | 207,774 | 912,521 |
| Capital outlay: | | | |
| Highways and streets | 654 | - | 654 |
| Community development | 762 | - | 762 |
| Debt service: | | | |
| Principal | 30,333 | - | 30,333 |
| Interest | 6,839 | - | 6,839 |
| | <u>5,130,239</u> | <u>258,075</u> | <u>5,388,314</u> |
| Total expenditures | | | |
| Revenues over (under) expenditures | <u>612,187</u> | <u>222,321</u> | <u>834,508</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 828,306 | 40,221 | 868,527 |
| Transfers out | (687,753) | - | (687,753) |
| | <u>140,553</u> | <u>40,221</u> | <u>180,774</u> |
| Total other financing sources (uses) | | | |
| Net change in fund balance | 752,740 | 262,542 | 1,015,282 |
| FUND BALANCE, BEGINNING | <u>3,552,006</u> | <u>1,896,549</u> | <u>5,448,555</u> |
| FUND BALANCE, ENDING | <u>\$ 4,304,746</u> | <u>\$ 2,159,091</u> | <u>\$ 6,463,837</u> |

CITY OF MC MINNVILLE, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2022

| | Affordable Housing Fund | Transient Lodging Fund | Telecommunicat ions Fund | Emergency Communications Fund | Street Fund | Building Fund | Total |
|-------------------------------------------------------------------|----------------------------|---------------------------|-----------------------------|-------------------------------------|---------------------|---------------------|---------------------|
| ASSETS: | | | | | | | |
| Accounts receivable, net | \$ - | \$ 488,087 | \$ 83,351 | \$ 9,278 | \$ 236,216 | \$ 966 | \$ 817,898 |
| Restricted cash and investments | 1,500,813 | - | - | 146,864 | 2,553,194 | 1,942,172 | 6,143,043 |
| Total assets | <u>\$ 1,500,813</u> | <u>\$ 488,087</u> | <u>\$ 83,351</u> | <u>\$ 156,142</u> | <u>\$ 2,789,410</u> | <u>\$ 1,943,138</u> | <u>\$ 6,960,941</u> |
| LIABILITIES: | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ 337,035 | \$ 58,019 | \$ 3,673 | \$ 37,699 | \$ 5,644 | \$ 442,070 |
| Accrued payroll and other payroll liabilities | - | - | - | - | 17,769 | 12,583 | 30,352 |
| Advances to other funds | - | 150,652 | 23,374 | - | - | - | 174,026 |
| Unearned revenue | 1,500,000 | - | - | - | 509,015 | - | 2,009,015 |
| Total liabilities | <u>1,500,000</u> | <u>487,687</u> | <u>81,393</u> | <u>3,673</u> | <u>564,483</u> | <u>18,227</u> | <u>2,655,463</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | | |
| Unavailable revenue - other | - | - | - | - | 531 | 201 | 732 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>531</u> | <u>201</u> | <u>732</u> |
| FUND BALANCE: | | | | | | | |
| Restricted | 813 | 400 | - | - | 2,224,396 | - | 2,225,609 |
| Committed | - | - | - | 152,469 | - | - | 152,469 |
| Assigned | - | - | 1,958 | - | - | 1,924,710 | 1,926,668 |
| Total fund balance | <u>813</u> | <u>400</u> | <u>1,958</u> | <u>152,469</u> | <u>2,224,396</u> | <u>1,924,710</u> | <u>4,304,746</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 1,500,813</u> | <u>\$ 488,087</u> | <u>\$ 83,351</u> | <u>\$ 156,142</u> | <u>\$ 2,789,410</u> | <u>\$ 1,943,138</u> | <u>\$ 6,960,941</u> |



**City of
McMinnville**

CITY OF MCMINNVILLE, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

| | Affordable Housing Fund | Transient Lodging Fund | Telecommunicatio ns Fund |
|----------------------------------------|----------------------------|---------------------------|-----------------------------|
| REVENUES: | | | |
| Licenses and permits | \$ - | \$ 1,657,452 | \$ 244,529 |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Miscellaneous | 813 | 675 | 3 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 813 | 1,658,127 | 244,532 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | - | 1,170,213 | 244,529 |
| Public safety | - | - | - |
| Highways and streets | - | - | - |
| Community development | - | - | - |
| Capital outlay: | | | |
| Highways and streets | - | - | - |
| Community development | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | - | 1,170,213 | 244,529 |
| | <hr/> | <hr/> | <hr/> |
| Revenues over (under) expenditures | 813 | 487,914 | 3 |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | - | - |
| Transfers out | - | (487,753) | - |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | - | (487,753) | - |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balance | 813 | 161 | 3 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCE, BEGINNING | - | 239 | 1,955 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCE, ENDING | <u>\$ 813</u> | <u>\$ 400</u> | <u>\$ 1,958</u> |

| Emergency Communications | | | |
|--------------------------|---------------------|---------------------|---------------------|
| Fund | Street Fund | Building Fund | Total |
| \$ 66,037 | \$ 27 | \$ 955,578 | \$ 2,923,623 |
| 7,500 | 2,765,311 | 153 | 2,772,964 |
| 15,480 | - | - | 15,480 |
| 452 | 16,639 | 11,777 | 30,359 |
| <u>89,469</u> | <u>2,781,977</u> | <u>967,508</u> | <u>5,742,426</u> |
| - | - | - | 1,414,742 |
| 830,045 | - | - | 830,045 |
| - | 2,142,117 | - | 2,142,117 |
| - | - | 704,747 | 704,747 |
| - | 654 | - | 654 |
| - | - | 762 | 762 |
| 30,333 | - | - | 30,333 |
| 6,839 | - | - | 6,839 |
| <u>867,217</u> | <u>2,142,771</u> | <u>705,509</u> | <u>5,130,239</u> |
| <u>(777,748)</u> | <u>639,206</u> | <u>261,999</u> | <u>612,187</u> |
| 819,282 | 6,016 | 3,008 | 828,306 |
| - | (200,000) | - | (687,753) |
| <u>819,282</u> | <u>(193,984)</u> | <u>3,008</u> | <u>140,553</u> |
| 41,534 | 445,222 | 265,007 | 752,740 |
| <u>110,935</u> | <u>1,779,174</u> | <u>1,659,703</u> | <u>3,552,006</u> |
| <u>\$ 152,469</u> | <u>\$ 2,224,396</u> | <u>\$ 1,924,710</u> | <u>\$ 4,304,746</u> |

CITY OF MCMINNVILLE, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2022

| | Park Development Fund | Urban Renewal Fund | Total |
|----------------------------------------------------------------------|-----------------------------|-----------------------|---------------------|
| ASSETS: | | | |
| Restricted cash and investments | \$ 2,049,951 | \$ 158,504 | \$ 2,208,455 |
| Total assets | <u>\$ 2,049,951</u> | <u>\$ 158,504</u> | <u>\$ 2,208,455</u> |
| LIABILITIES: | | | |
| Accounts payable and accrued expenses | \$ - | \$ 49,364 | \$ 49,364 |
| Total liabilities | <u>-</u> | <u>49,364</u> | <u>49,364</u> |
| FUND BALANCE: | | | |
| Restricted | 2,049,951 | 109,140 | 2,159,091 |
| Total fund balance | <u>2,049,951</u> | <u>109,140</u> | <u>2,159,091</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 2,049,951</u> | <u>\$ 158,504</u> | <u>\$ 2,208,455</u> |

CITY OF MCMINNVILLE, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

| | Park Development Fund | Urban Renewal Fund | Total |
|----------------------------------------|-----------------------------|--------------------------|----------------------------|
| REVENUES: | | | |
| Charges for services | \$ 401,250 | \$ - | \$ 401,250 |
| Miscellaneous | 7,726 | 71,420 | 79,146 |
| Total revenues | <u>408,976</u> | <u>71,420</u> | <u>480,396</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Culture and recreation | 50,301 | - | 50,301 |
| Community development | - | 207,774 | 207,774 |
| Total expenditures | <u>50,301</u> | <u>207,774</u> | <u>258,075</u> |
| Revenues over (under) expenditures | <u>358,675</u> | <u>(136,354)</u> | <u>222,321</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | 40,221 | 40,221 |
| Total other financing sources (uses) | <u>-</u> | <u>40,221</u> | <u>40,221</u> |
| Net changes in fund balances | 358,675 | (96,133) | 262,542 |
| FUND BALANCES, BEGINNING | <u>1,691,276</u> | <u>205,273</u> | <u>1,896,549</u> |
| FUND BALANCES, ENDING | <u><u>\$ 2,049,951</u></u> | <u><u>\$ 109,140</u></u> | <u><u>\$ 2,159,091</u></u> |

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
 - Affordable Housing Fund
 - Transient Lodging Fund
 - Telecommunications Fund
 - Emergency Communications Fund
 - Street Fund
 - Building Fund

- Capital Project Fund
 - Park Development Fund
 - Urban Renewal Fund

CITY OF MCMINNVILLE, OREGON
AFFORDABLE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance Positive (Negative) |
|---------------------------------|-------------|---------------------|---------------|------------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ 1,500,000 | \$ - | \$ (1,500,000) |
| Miscellaneous | - | - | 813 | 813 |
| Total revenues | - | 1,500,000 | 813 | (1,499,187) |
| EXPENDITURES: | | | | |
| Community development: | | | | |
| Materials and services | - | 300,000 | - | 300,000 |
| Total expenditures | - | 300,000 | - | 300,000 |
| Net changes in fund balances | - | 1,200,000 | 813 | (1,199,187) |
| FUND BALANCES, BEGINNING | - | 1,200,000 | - | (1,200,000) |
| FUND BALANCES, ENDING | <u>\$ -</u> | <u>\$ 2,400,000</u> | <u>\$ 813</u> | <u>\$ (2,399,187)</u> |

CITY OF MCMINNVILLE, OREGON
TRANSIENT LODGING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 1,197,000 | \$ 1,717,000 | \$ 1,657,452 | \$ (59,548) |
| Miscellaneous | 2,200 | 2,200 | 675 | (1,525) |
| Total revenues | <u>1,199,200</u> | <u>1,719,200</u> | <u>1,658,127</u> | <u>(61,073)</u> |
| EXPENDITURES: | | | | |
| General government: | | | | |
| Materials and services | <u>818,771</u> | <u>1,181,615</u> | <u>1,139,058</u> | <u>42,557</u> |
| Total expenditures | <u>818,771</u> | <u>1,181,615</u> | <u>1,139,058</u> | <u>42,557</u> |
| Revenues over (under) expenditures | <u>380,429</u> | <u>537,585</u> | <u>519,069</u> | <u>(18,516)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(380,429)</u> | <u>(537,585)</u> | <u>(518,908)</u> | <u>18,677</u> |
| Total other financing sources (uses) | <u>(380,429)</u> | <u>(537,585)</u> | <u>(518,908)</u> | <u>18,677</u> |
| Net change in fund balance | - | - | 161 | 161 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | <u>-</u> | <u>-</u> | <u>239</u> | <u>239</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 400</u> | <u>\$ 400</u> |

CITY OF MCMINNVILLE, OREGON
TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 248,000 | \$ 272,000 | \$ 244,529 | \$ (27,471) |
| Miscellaneous | 20 | 20 | 3 | (17) |
| Total revenues | 248,020 | 272,020 | 244,532 | (27,488) |
| EXPENDITURES: | | | | |
| General government: | | | | |
| Materials and services | 248,000 | 272,000 | 244,529 | 27,471 |
| Contingency | 1,500 | 1,500 | - | 1,500 |
| Total expenditures | 249,500 | 273,500 | 244,529 | 28,971 |
| Net change in fund balance | (1,480) | (1,480) | 3 | 1,483 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 1,947 | 1,947 | 1,955 | 8 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 467 | \$ 467 | \$ 1,958 | \$ 1,491 |

CITY OF MCMINNVILLE, OREGON
EMERGENCY COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|-----------|-----------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 23,500 | \$ 23,500 | \$ 66,037 | \$ 42,537 |
| Intergovernmental | 7,500 | 7,500 | 7,500 | - |
| Charges for services | 15,598 | 15,598 | 15,480 | (118) |
| Miscellaneous | 200 | 200 | 452 | 252 |
| Total revenues | 46,798 | 46,798 | 89,469 | 42,671 |
| EXPENDITURES: | | | | |
| Public safety: | | | | |
| Materials and services | 838,906 | 838,906 | 828,514 | 10,392 |
| Debt service: | | | | |
| Principal | 30,333 | 30,333 | 30,333 | - |
| Interest | 6,839 | 6,839 | 6,839 | - |
| Contingency | 45,000 | 44,898 | - | 44,898 |
| Total expenditures | 921,078 | 920,976 | 865,686 | 55,290 |
| Revenues over (under) expenditures | (874,280) | (874,178) | (776,217) | 97,961 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 819,282 | 819,282 | 819,282 | - |
| Transfers out | (1,429) | (1,531) | (1,531) | - |
| Total other financing sources (uses) | 817,853 | 817,751 | 817,751 | - |
| Net change in fund balance | (56,427) | (56,427) | 41,534 | 97,961 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 95,409 | 95,409 | 110,935 | 15,526 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 38,982 | \$ 38,982 | \$ 152,469 | \$ 113,487 |

CITY OF MCMINNVILLE, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|------------|------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 50 | \$ 50 | \$ 27 | \$ (23) |
| Intergovernmental | 2,600,000 | 2,600,000 | 2,765,311 | 165,311 |
| Miscellaneous | 20,000 | 20,000 | 16,639 | (3,361) |
| Total revenues | 2,620,050 | 2,620,050 | 2,781,977 | 161,927 |
| EXPENDITURES: | | | | |
| Highways and streets: | | | | |
| Personnel service | 964,070 | 987,570 | 899,871 | 87,699 |
| Materials and services | 1,124,934 | 1,138,059 | 954,363 | 183,696 |
| Capital outlay | 53,277 | 53,277 | 654 | 52,623 |
| Contingency | 500,000 | 500,000 | - | 500,000 |
| Total expenditures | 2,642,281 | 2,678,906 | 1,854,888 | 824,018 |
| Revenues over (under) expenditures | (22,231) | (58,856) | 927,089 | 985,945 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 5,777 | 6,016 | 6,016 | - |
| Transfers out | (492,055) | (487,883) | (487,883) | - |
| Total other financing sources (uses) | (486,278) | (481,867) | (481,867) | - |
| Net change in fund balance | (508,509) | (540,723) | 445,222 | 985,945 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 1,364,613 | 1,397,066 | 1,779,174 | 382,108 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 856,104 | \$ 856,343 | \$ 2,224,396 | \$ 1,368,053 |

CITY OF MCMINNVILLE, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 582,000 | \$ 582,000 | \$ 955,578 | \$ 373,578 |
| Intergovernmental | - | - | 153 | 153 |
| Miscellaneous | 15,000 | 15,000 | 11,777 | (3,223) |
| Total revenues | 597,000 | 597,000 | 967,508 | 370,508 |
| EXPENDITURES: | | | | |
| Community development | | | | |
| Personnel service | 601,203 | 603,203 | 578,379 | 24,824 |
| Materials and services | 134,039 | 134,039 | 93,950 | 40,089 |
| Capital outlay | 906 | 906 | 762 | 144 |
| Contingency | 75,000 | 73,405 | - | 73,405 |
| Total expenditures | 811,148 | 811,553 | 673,091 | 138,462 |
| Revenues over (under) expenditure: | (214,148) | (214,553) | 294,417 | 508,970 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,888 | 3,008 | 3,008 | - |
| Transfers out | (29,482) | (32,418) | (32,418) | - |
| Total other financing sources (uses): | (26,594) | (29,410) | (29,410) | - |
| Net changes in fund balances | (240,742) | (243,963) | 265,007 | 508,970 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 1,417,473 | 1,420,814 | 1,659,703 | 238,889 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 1,176,731 | \$ 1,176,851 | \$ 1,924,710 | \$ 747,859 |

CITY OF MCMINNVILLE, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 320,000 | \$ 320,000 | \$ 401,250 | \$ 81,250 |
| Miscellaneous | 10,308 | 10,308 | 7,726 | (2,582) |
| Total revenues | 330,308 | 330,308 | 408,976 | 78,668 |
| EXPENDITURES: | | | | |
| Culture and recreation: | | | | |
| Materials and services | 1,700 | 1,700 | 1,395 | 305 |
| Capital outlay | 20,000 | 20,000 | - | 20,000 |
| Contingency | 500,000 | 498,129 | - | 498,129 |
| Total expenditures | 521,700 | 519,829 | 1,395 | 518,434 |
| Revenues over (under) expenditures | (191,392) | (189,521) | 407,581 | 597,102 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (47,035) | (48,906) | (48,906) | - |
| Total other financing sources (uses) | (47,035) | (48,906) | (48,906) | - |
| Net change in fund balance | (238,427) | (238,427) | 358,675 | 597,102 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 1,604,028 | 1,604,028 | 1,691,276 | 87,248 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ 1,365,601</u> | <u>\$ 1,365,601</u> | <u>\$ 2,049,951</u> | <u>\$ 684,350</u> |

CITY OF MCMINNVILLE, OREGON
URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|-----------|-----------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Miscellaneous | \$ 11,650 | \$ 11,650 | \$ 71,420 | \$ 59,770 |
| Total revenues | 11,650 | 11,650 | 71,420 | 59,770 |
| EXPENDITURES: | | | | |
| Programs and improvements: | | | | |
| Materials and services | 320,750 | 320,750 | 161,661 | 159,089 |
| Total expenditures | 320,750 | 320,750 | 161,661 | 159,089 |
| Revenues over (under) expenditures | (309,100) | (309,100) | (90,241) | 218,859 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 227,077 | 227,077 | 40,221 | (186,856) |
| Transfers out | (46,113) | (46,113) | (46,113) | - |
| Total other financing sources (uses) | 180,964 | 180,964 | (5,892) | (186,856) |
| Net changes in fund balances | (128,136) | (128,136) | (96,133) | 32,003 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 128,136 | 128,136 | 205,273 | 77,137 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ - | \$ - | \$ 109,140 | \$ 109,140 |

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Wastewater Operations
 - Wastewater Services Fund
 - Wastewater Capital Fund

CITY OF MCMINNVILLE, OREGON
WASTEWATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022

| | Wastewater Services Fund | Wastewater Capital Fund | Total Wastewater Operations |
|----------------------------------------------------|-----------------------------|----------------------------|--------------------------------|
| REVENUES: | | | |
| Intergovernmental | \$ 23,894 | \$ - | \$ 23,894 |
| Charges for services | 10,832,680 | - | 10,832,680 |
| Miscellaneous | 5,465 | - | 5,465 |
| Interest revenue | 10,459 | 167,315 | 177,774 |
| System development charges | - | 765,242 | 765,242 |
| | <u>10,872,498</u> | <u>932,557</u> | <u>11,805,055</u> |
| Total revenues | | | |
| EXPENDITURES: | | | |
| Wastewater services administration | 727,644 | - | 727,644 |
| Plant | 1,833,226 | - | 1,833,226 |
| Environmental services | 506,591 | - | 506,591 |
| Conveyance systems | 529,093 | - | 529,093 |
| Non-departmental | 633,787 | 660,830 | 1,294,617 |
| Capital outlay | - | 2,423,568 | 2,423,568 |
| | <u>4,230,341</u> | <u>3,084,398</u> | <u>7,314,739</u> |
| Total expenditures | | | |
| Revenues over (under) expenditures | <u>6,642,157</u> | <u>(2,151,841)</u> | <u>4,490,316</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Interfund loan proceeds | - | 157,632 | 157,632 |
| Transfers in | 15,039 | 6,013,407 | 6,028,446 |
| Transfers out | (6,436,967) | (211,100) | (6,648,067) |
| | <u>(6,421,928)</u> | <u>5,959,939</u> | <u>(461,989)</u> |
| Total other financing sources (uses) | | | |
| Net change in fund balance | 220,229 | 3,808,098 | 4,028,327 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | | | |
| | <u>3,934,954</u> | <u>36,194,303</u> | <u>40,129,257</u> |
| FUND BALANCE, ENDING - BUDGETARY BASIS | | | |
| | <u>\$ 4,155,183</u> | <u>\$ 40,002,401</u> | <u>44,157,584</u> |
| RECONCILIATION TO NET POSITION - GAAP BASIS | | | |
| Interfund loan receivable | | | 567,208 |
| Capital assets, net | | | 58,081,080 |
| Lease assets, net | | | 7,002 |
| Net OPEB asset | | | 45,796 |
| Deferred outflows related to pensions | | | 897,939 |
| Deferred outflows related to OPEB | | | 17,743 |
| Lease payable | | | (7,031) |
| Compensated absences payable | | | (97,045) |
| Net pension liability | | | (1,444,040) |
| Net OPEB liability | | | (110,935) |
| Pension related debt | | | (162,733) |
| Deferred outflows related to pensions | | | (1,287,724) |
| Deferred outflows related to OPEB | | | (81,104) |
| | | | <u>81,104</u> |
| NET POSITION | | | <u>\$ 100,583,740</u> |

CITY OF MCMINNVILLE, OREGON
WASTEWATER SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 23,894 | \$ 23,894 |
| Charges for services | 10,866,328 | 10,866,328 | 10,832,680 | (33,648) |
| Miscellaneous | 1,000 | 1,000 | 5,465 | 4,465 |
| Interest revenue | 20,000 | 20,000 | 10,459 | (9,541) |
| Total revenues | 10,887,328 | 10,887,328 | 10,872,498 | (14,830) |
| EXPENDITURES: | | | | |
| Wastewater services administration | 941,350 | 957,299 | 727,644 | 229,655 * |
| Plant | 1,946,289 | 1,968,989 | 1,833,226 | 135,763 * |
| Environmental services | 556,528 | 562,628 | 506,591 | 56,037 * |
| Conveyance systems | 776,794 | 790,294 | 529,093 | 261,201 * |
| Non-departmental | 612,000 | 612,000 | 633,787 | (21,787) * |
| Contingency | 900,000 | 900,000 | - | 900,000 |
| Total expenditures | 5,732,961 | 5,791,210 | 4,230,341 | 1,560,869 |
| Revenues over (under) expenditure: | 5,154,367 | 5,096,118 | 6,642,157 | 1,546,039 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 14,442 | 15,039 | 15,039 | - |
| Transfers out | (6,428,981) | (6,436,967) | (6,436,967) | - |
| Total other financing sources (uses) | (6,414,539) | (6,421,928) | (6,421,928) | - |
| Net change in fund balance | (1,260,172) | (1,325,810) | 220,229 | 1,546,039 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 3,600,859 | 3,667,094 | 3,934,954 | 267,860 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | \$ 2,340,687 | \$ 2,341,284 | \$ 4,155,183 | \$ 1,813,899 |

* Appropriated together as Wastewater Services Program

CITY OF MCMINNVILLE, OREGON
WASTEWATER CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Interest revenue | \$ 312,500 | \$ 312,500 | \$ 167,315 | \$ (145,185) |
| System development charges | 325,000 | 325,000 | 765,242 | 440,242 |
| Total revenues | 637,500 | 637,500 | 932,557 | 295,057 |
| EXPENDITURES: | | | | |
| Wastewater: | | | | |
| Materials and service | 2,979,800 | 2,982,799 | 660,830 | 2,321,969 |
| Capital outlay | 11,414,000 | 11,414,000 | 2,423,568 | 8,990,432 |
| Contingency | 1,500,000 | 1,490,748 | - | 1,490,748 |
| Total expenditures | 15,893,800 | 15,887,547 | 3,084,398 | 12,803,149 |
| Revenues over (under) expenditures | (15,256,300) | (15,250,047) | (2,151,841) | 13,098,206 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Interfund loan proceeds | 161,621 | 161,621 | 157,632 | (3,989) |
| Transfers in | 6,013,408 | 6,013,408 | 6,013,407 | (1) |
| Transfers out | (204,847) | (211,100) | (211,100) | - |
| Total other financing sources (uses) | 5,970,182 | 5,963,929 | 5,959,939 | (3,990) |
| Net change in fund balance | (9,286,118) | (9,286,118) | 3,808,098 | 13,094,216 |
| FUND BALANCE, BEGINNING - BUDGETARY BASIS | 35,509,802 | 35,509,802 | 36,194,303 | 684,501 |
| FUND BALANCE, ENDING - BUDGETARY BASIS | <u>\$ 26,223,684</u> | <u>\$ 26,223,684</u> | <u>\$ 40,002,401</u> | <u>\$ 13,778,717</u> |

BUDGETARY COMPARISON SCHEDULES
Internal Service Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

- Combining Schedules - Internal Service Funds
- Budgetary Comparison Schedules
 - Informational Systems & Services Fund
 - Insurance Services Fund

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET POSITION
June 30, 2022

| | Governmental Activities - Internal Service Funds | | |
|-----------------------------------------------|--------------------------------------------------|----------------------------|--------------|
| | Informational Systems & Services Fund | Insurance Services Fund | Total |
| ASSETS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 249,525 | \$ 535,509 | \$ 785,034 |
| Accounts receivable, net | 13 | - | 13 |
| Prepaid expenses | 10,904 | 330,156 | 341,060 |
| Total current assets | 260,442 | 865,665 | 1,126,107 |
| Noncurrent assets: | | | |
| Capital assets, net | 420,528 | - | 420,528 |
| Net OPEB asset | 12,114 | - | 12,114 |
| Total noncurrent assets | 432,642 | - | 432,642 |
| Total assets | 693,084 | 865,665 | 1,558,749 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows related to pensions | 237,518 | - | 237,518 |
| Deferred outflows related to OPEB | 4,693 | - | 4,693 |
| Total deferred outflows of resources | 242,211 | - | 242,211 |
| Total assets | \$ 935,295 | \$ 865,665 | \$ 1,800,960 |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 40,788 | \$ 36,148 | \$ 76,936 |
| Accrued payroll and other payroll liabilities | 12,347 | - | 12,347 |
| Claims payable | - | 73,152 | 73,152 |
| Pension related liabilities - due in one year | 6,776 | - | 6,776 |
| Accrued compensated absences | 8,430 | - | 8,430 |
| Total current liabilities | 68,341 | 109,300 | 177,641 |
| Noncurrent liabilities: | | | |
| Accrued compensated absences | 42,450 | - | 42,450 |
| Net pension liability | 381,970 | - | 381,970 |
| Net OPEB liability | 29,344 | - | 29,344 |
| Pension related liabilities | 36,619 | - | 36,619 |
| Total noncurrent liabilities | 490,383 | - | 490,383 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred inflows related to pensions | 340,622 | - | 340,622 |
| Deferred inflows related to OPEB | 21,453 | - | 21,453 |
| Total deferred inflows of resources | 362,075 | - | 362,075 |
| NET POSITION: | | | |
| Net investment in capital assets | 420,528 | - | 420,528 |
| Restricted for: | | | |
| OPEB benefits | 12,114 | - | 12,114 |
| Unrestricted | (418,146) | 756,365 | 338,219 |
| Total net position | 14,496 | 756,365 | 770,861 |
| Total liabilities and net position | \$ 935,295 | \$ 865,665 | \$ 1,800,960 |

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

| | Governmental Activities - Internal Service Funds | | |
|------------------------------------------|--------------------------------------------------|----------------------------|-------------------|
| | Informational Systems & Services Fund | Insurance Services Fund | Total |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 1,231,430 | \$ 1,202,433 | \$ 2,433,863 |
| Intergovernmental | 76,815 | - | 76,815 |
| Miscellaneous | - | 57,145 | 57,145 |
| Total operating revenues | <u>1,308,245</u> | <u>1,259,578</u> | <u>2,567,823</u> |
| OPERATING EXPENSES: | | | |
| Personnel service | 564,110 | - | 564,110 |
| Materials and service | 693,661 | 1,183,217 | 1,876,878 |
| Depreciation/amortization | 15,680 | - | 15,680 |
| Total operating expenses | <u>1,273,451</u> | <u>1,183,217</u> | <u>2,456,668</u> |
| Operating income (loss) | 34,794 | 76,361 | 111,155 |
| NON-OPERATING REVENUES (EXPENSE): | | | |
| Interest income | 787 | 2,130 | 2,917 |
| Total non-operating income (expenses) | <u>787</u> | <u>2,130</u> | <u>2,917</u> |
| Net income (loss) before transfers | 35,581 | 78,491 | 114,072 |
| TRANSFERS: | | | |
| Transfers to other funds | - | (140,565) | (140,565) |
| Net change in fund balance | 35,581 | (62,074) | (26,493) |
| NET POSITION, BEGINNING | <u>(21,085)</u> | <u>818,439</u> | <u>797,354</u> |
| NET POSITION, ENDING | <u>\$ 14,496</u> | <u>\$ 756,365</u> | <u>\$ 770,861</u> |

CITY OF MC MINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

| | Governmental Activities - Internal Service Funds | | |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------|--------------|
| | Informational Systems & Services Fund | Insurance Services Fund | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from interfund services provided | \$ 1,314,664 | \$ 1,235,996 | \$ 2,550,660 |
| Cash received from other operating sources - insurance reimbursements | - | 57,145 | 57,145 |
| Cash paid to employees and others for salaries and benefits | (530,221) | - | (530,221) |
| Cash paid to suppliers and others | (695,498) | (1,298,822) | (1,994,320) |
| Net cash provided by (used for) operating activities | 88,945 | (5,681) | 83,264 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Principal paid on pension-related obligations | (6,331) | - | (6,331) |
| Transfers to/(from) other funds | - | (140,565) | (140,565) |
| Net cash provided by (used for) non-capital financing activities | (6,331) | (140,565) | (146,896) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | (33,675) | - | (33,675) |
| Net cash provided by capital and related financing activities | (33,675) | - | (33,675) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 787 | 2,130 | 2,917 |
| Net cash provided by investing activities | 787 | 2,130 | 2,917 |
| Net increase (decrease) in cash and cash equivalents | 49,726 | (144,116) | (94,390) |
| CASH AND CASH EQUIVALENTS, BEGINNING | 199,799 | 679,625 | 879,424 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 249,525 | \$ 535,509 | \$ 785,034 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating Income | \$ 34,794 | \$ 76,361 | \$ 111,155 |
| Adjustments: | | | |
| Depreciation and amortization | 15,680 | - | 15,680 |
| Decrease (increase) in: | | | |
| Accounts receivable and due from other funds | 6,419 | 33,563 | 39,982 |
| Prepays | (358) | (15,264) | (15,622) |
| Increase (decrease) in: | | | |
| Accounts payable | (1,479) | (25,152) | (26,631) |
| Accrued payroll and other payroll liabilities | 3,344 | - | 3,344 |
| Compensated absences | 5,747 | - | 5,747 |
| Net other post employment benefits | 407 | - | 407 |
| Net pension benefits | 24,391 | - | 24,391 |
| Other liabilities | - | (75,189) | (75,189) |
| Net cash provided by (used for) operating activities | \$ 88,945 | \$ (5,681) | \$ 83,264 |

CITY OF MCMINNVILLE, OREGON
INFORMATIONAL SYSTEMS & SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------|------------|------------|-----------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ 35,000 | \$ 76,815 | \$ 41,815 |
| Charges for services | 762,310 | 762,310 | 683,440 | (78,870) |
| Miscellaneous | 2,000 | 2,000 | 787 | (1,213) |
| Total revenues | 764,310 | 799,310 | 761,042 | (38,268) |
| EXPENDITURES: | | | | |
| Information technology services: | | | | |
| Personal services | 532,039 | 545,239 | 539,896 | 5,343 |
| Material services | 698,910 | 698,910 | 649,764 | 49,146 |
| Capital outlay | 63,400 | 98,400 | 77,572 | 20,828 |
| Contingency | 75,000 | 61,800 | - | 61,800 |
| Total expenditures | 1,369,349 | 1,404,349 | 1,267,232 | 137,117 |
| Revenues over (under) expenditures | (605,039) | (605,039) | (506,190) | 98,849 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 532,039 | 547,990 | 547,990 | - |
| Total other financing sources (uses) | 532,039 | 547,990 | 547,990 | - |
| Net change in fund balance | (73,000) | (57,049) | 41,800 | 98,849 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | 402,010 | 402,010 | 165,507 | (236,503) |
| FUND BALANCE, ENDING BUDGETARY BASIS | \$ 329,010 | \$ 344,961 | 207,307 | \$ (137,654) |
| Add (deduct): | | | | |
| Capital assets, net | | | 420,528 | |
| Net OPEB asset | | | 12,114 | |
| Deferred outflows - pensions | | | 237,518 | |
| Deferred outflows - OPEB | | | 4,693 | |
| Pension Related Debt | | | (43,395) | |
| Accrued compensated absence | | | (50,880) | |
| Net pension liability | | | (381,970) | |
| Net OPEB liability | | | (29,344) | |
| Deferred inflows - Pensions | | | (340,622) | |
| Deferred inflows - OPEB | | | (21,453) | |
| Net Position, full accrual - ending | | | \$ 14,496 | |

CITY OF MCMINNVILLE, OREGON
INSURANCE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

| | Budget | | Actual | Variance Positive (Negative) |
|------------------------------------------------|--------------|--------------|--------------|------------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 1,291,691 | \$ 1,291,691 | \$ 1,202,433 | \$ (89,258) |
| Miscellaneous | 139,500 | 139,500 | 59,275 | (80,225) |
| Total revenues | 1,431,191 | 1,431,191 | 1,261,708 | (169,483) |
| EXPENDITURES: | | | | |
| Insurance services: | | | | |
| Materials and services | 1,449,600 | 1,449,600 | 1,188,438 | 261,162 |
| Contingency | 250,000 | 241,907 | - | 241,907 |
| Total expenditures | 1,699,600 | 1,691,507 | 1,188,438 | 503,069 |
| Revenues over (under) expenditures | (268,409) | (260,316) | 73,270 | 333,586 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers to other funds | (202,440) | (210,533) | (210,533) | - |
| Total other financing sources (uses) | (202,440) | (210,533) | (210,533) | - |
| Net changes in fund balances | (470,849) | (470,849) | (137,263) | 333,586 |
| FUND BALANCE, BEGINNING BUDGETARY BASIS | 922,845 | 922,845 | 966,780 | 43,935 |
| FUND BALANCE, ENDING BUDGETARY BASIS | \$ 451,996 | \$ 451,996 | 829,517 | \$ 377,521 |
| Add (deduct): | | | | |
| Insurance claims payable | | | (73,152) | |
| Net Position, full accrual - ending | | | \$ 756,365 | |

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's *Comprehensive Annual Financial Report (CAFR)* presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sewer charges.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**City of
McMinnville**



**City of
McMinnville**

City of McMinnville, Oregon
Net Position by Component
Last Ten Fiscal Years
(full accrual basis of accounting)

| | <u>2013</u> | <u>2014 Restated</u> | <u>2015 Restated</u> | <u>2016</u> |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Primary Government: | | | | |
| Governmental activities: | | | | |
| Invested in capital assets (b) | \$ 60,826,806 | \$ 59,579,789 | \$ 59,688,968 | \$ 60,243,871 |
| Restricted (c) | 4,139,865 | 5,932,257 | 23,156,125 | 22,841,795 |
| Unrestricted | <u>10,719,116</u> | <u>9,663,248</u> | <u>(11,568,107)</u> | <u>(20,675,519)</u> |
| Total governmental activities net position (a) | <u>\$ 75,685,787</u> | <u>\$ 75,175,294</u> | <u>\$ 71,276,986</u> | <u>\$ 62,410,147</u> |
| Business-type activities: | | | | |
| Invested in capital assets | \$ 45,568,283 | \$ 48,275,891 | \$ 55,205,674 | \$ 58,125,477 |
| Restricted | 178,933 | 299,781 | 482,442 | 437,036 |
| Unrestricted | <u>20,057,090</u> | <u>20,417,335</u> | <u>15,948,799</u> | <u>14,733,277</u> |
| Total business-type activities net position (a) | <u>\$ 65,804,306</u> | <u>\$ 68,993,007</u> | <u>\$ 71,636,915</u> | <u>\$ 73,295,790</u> |
| Primary government: | | | | |
| Invested in capital assets | \$ 106,395,089 | \$ 107,855,680 | \$ 114,894,642 | \$ 118,369,348 |
| Restricted | 4,318,798 | 6,232,038 | 23,638,567 | 23,278,831 |
| Unrestricted (e) (f) | <u>30,776,206</u> | <u>30,080,583</u> | <u>4,380,692</u> | <u>(5,942,242)</u> |
| Total primary government net position (a) | <u>\$ 141,490,093</u> | <u>\$ 144,168,301</u> | <u>\$ 142,913,901</u> | <u>\$ 135,705,937</u> |
| Component unit: | | | | |
| Water and Light: | | | | |
| Invested in capital assets (d) | \$ 115,135,213 | \$ 118,079,561 | \$ 121,446,462 | \$ 123,113,177 |
| Restricted | - | - | - | - |
| Unrestricted (e) (f) (g) | <u>31,952,469</u> | <u>35,154,147</u> | <u>36,515,824</u> | <u>36,415,854</u> |
| Total component unit | <u>\$ 147,087,682</u> | <u>\$ 153,233,708</u> | <u>\$ 157,962,286</u> | <u>\$ 159,529,031</u> |

(a) In fiscal year 2012-13, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* . As a result, net assets have been renamed to net position.

(b) In fiscal year 2013-14, the City had a restatement to account for a change in accounting principle. The City changed street and sewer infrastructure depreciation from the composite method to the straight line method. This required a restatement of beginning net position of \$3,263,218 for governmental activities.

(c) In fiscal year 2013-14, the City had a restatement to recognize revenue of \$383,161. *Governmental activities net position required a restatement increasing restricted net positions for Highways and Streets by \$155,728 and unrestricted net position by \$227,433.*

(d) In fiscal year 2012-13, the component unit Water & Light included an interfund loan and invested in capital assets. This was corrected in fiscal year 2013-14 with no change to total net position.

Fiscal Year Ended June 30,

| <u>2017</u> | <u>2018 Restated</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 66,165,718 | \$ 72,977,099 | \$ 75,161,026 | \$ 69,862,297 | \$ 74,795,521 | \$ 78,122,481 |
| 16,277,620 | 15,270,498 | 10,997,806 | 11,411,706 | 8,672,824 | 5,119,023 |
| <u>(20,166,704)</u> | <u>(18,800,083)</u> | <u>(17,136,984)</u> | <u>(17,176,002)</u> | <u>(20,978,032)</u> | <u>(12,782,231)</u> |
| <u>\$ 62,276,634</u> | <u>\$ 69,447,514</u> | <u>\$ 69,021,848</u> | <u>\$ 64,098,001</u> | <u>\$ 62,490,313</u> | <u>\$ 70,459,273</u> |
| | | | | | |
| \$ 56,791,990 | \$ 55,036,414 | \$ 56,285,132 | \$ 56,189,935 | \$ 55,881,180 | \$ 57,964,430 |
| 707,615 | 1,132,758 | 1,094,349 | 19,122 | 18,568 | 45,796 |
| <u>18,380,560</u> | <u>23,260,392</u> | <u>25,027,458</u> | <u>33,956,973</u> | <u>38,359,430</u> | <u>42,573,514</u> |
| <u>\$ 75,880,165</u> | <u>\$ 79,429,564</u> | <u>\$ 82,406,939</u> | <u>\$ 90,166,030</u> | <u>\$ 94,259,178</u> | <u>\$ 100,583,740</u> |
| | | | | | |
| \$ 122,957,708 | \$ 128,013,513 | \$ 131,446,158 | \$ 126,052,232 | \$ 130,676,701 | \$ 136,086,911 |
| 16,985,235 | 16,403,256 | 12,092,155 | 11,430,828 | 8,691,392 | 5,164,819 |
| <u>(1,786,144)</u> | <u>4,460,309</u> | <u>7,890,474</u> | <u>16,780,971</u> | <u>17,381,398</u> | <u>29,791,283</u> |
| <u>\$ 138,156,799</u> | <u>\$ 148,877,078</u> | <u>\$ 151,428,787</u> | <u>\$ 154,264,031</u> | <u>\$ 156,749,491</u> | <u>\$ 171,043,013</u> |
| | | | | | |
| \$ 123,366,419 | \$ 124,776,038 | \$ 128,423,468 | \$ 136,687,073 | \$ 140,615,261 | \$ 147,115,398 |
| - | - | - | 89,267 | 60,414 | 135,596 |
| <u>40,284,763</u> | <u>45,312,269</u> | <u>49,459,337</u> | <u>48,416,227</u> | <u>51,044,706</u> | <u>52,015,650</u> |
| <u>\$ 163,651,182</u> | <u>\$ 170,088,307</u> | <u>\$ 177,882,805</u> | <u>\$ 185,192,567</u> | <u>\$ 191,720,381</u> | <u>\$ 199,266,644</u> |

(e) In fiscal year 2014-15, the City and the Department had a restatement of \$11,324,390 and \$4,026,413, respectively, to account for the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions and to correct an error relating to accounting for transition liability.

(f) In fiscal year 2017-18, the City and the Department had a restatement of \$526,351 and \$1,187,975, respectively, to account for the implementation of GASB Statement 75, Accounting and Financial Reporting for Other post-employment benefits (OPEB).

(g) In fiscal year 2019-20, the City and the Department recorded a restricted Net Position to account for OPEB benefits.

City of McMinnville, Oregon
Changes in Net Position
Last Ten Fiscal Years
(full accrual basis of accounting)

| Functions/Programs | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,869,910 | \$ 2,031,927 | \$ 2,065,497 | \$ 7,389,396 |
| Community development (e) | 1,283,292 | 1,215,961 | 949,452 | 1,341,282 |
| Public safety: (d) | | | | |
| Police | 7,710,365 | 8,370,060 | 7,084,384 | 11,604,781 |
| Fire | 2,534,766 | 2,537,593 | 2,048,332 | 2,766,437 |
| Highways and streets | 3,839,179 | 2,443,173 | 2,964,608 | 4,804,574 |
| Culture and recreation: (f) | | | | |
| Parks and recreation | 4,074,988 | 4,113,605 | 3,810,278 | 5,103,934 |
| Library | 1,416,283 | 1,343,265 | 1,092,515 | 1,448,885 |
| Airport | 553,974 | 560,272 | 692,357 | 1,147,840 |
| Interest on long-term debt | 525,129 | 484,383 | 519,917 | 614,253 |
| Total governmental activities expenses | <u>23,807,886</u> | <u>23,100,239</u> | <u>21,227,340</u> | <u>36,221,382</u> |
| Business-type activities: | | | | |
| Wastewater | 5,818,847 | 5,808,434 | 5,523,163 | 7,811,354 |
| Ambulance (d) | 3,395,105 | 3,508,377 | 2,868,982 | 5,125,215 |
| Building (e) | 277,561 | 283,842 | 225,229 | 453,557 |
| Total business-type activities expenses | <u>9,491,513</u> | <u>9,600,653</u> | <u>8,617,374</u> | <u>13,390,126</u> |
| Total primary government expenses | <u>\$ 33,299,399</u> | <u>\$ 32,700,892</u> | <u>\$ 29,844,714</u> | <u>\$ 49,611,508</u> |
| Component unit: | | | | |
| Water and Light | <u>\$ 41,583,845</u> | <u>\$ 43,187,324</u> | <u>\$ 42,099,300</u> | <u>\$ 44,911,690</u> |

(a) From fiscal years 2008-09 through 2014-15, transportation system development charges were lower due to a significant drop in construction activity with increases in fiscal years 2010-11, 2014-15, and 2015-16. Prior to 2016-17, systems development charges were included in charges for services. They are now included in capital grants and contributions.

(b) From fiscal years 2007-08 through 2014-15, developer donations decreased due to a significant drop in construction activity. In 2016-17 and 2017-18 FAA and Oregon Department of Transportation Grant monies of \$3,593,000 and \$641,395 respectively were received for a Runway Rehabilitation Project at the McMinnville Municipal Airport.

(c) Beginning in fiscal year 2008-09 and continuing through fiscal year 2015-16, interest revenue decreased due to significantly lower interest rates. For governmental activities, interest revenue increased due to higher interest rates and interest earned on bond proceeds. For business-type activities, interest revenue increased due to higher interest rates.

| Fiscal Year Ended June 30, | | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 3,233,556 | \$ 3,103,821 | \$ 3,952,533 | \$ 5,012,227 | \$ 6,994,737 | \$ 6,324,485 |
| 1,536,152 | 1,631,905 | 2,473,857 | 2,679,541 | 2,693,877 | 2,627,751 |
| | | | 19,336,814 | 21,598,458 | 18,315,116 |
| 9,664,865 | 9,126,532 | 11,783,861 | | | |
| 3,155,530 | 3,135,785 | 4,341,851 | | | |
| 3,539,224 | 3,224,152 | 3,996,504 | 5,935,410 | 4,853,034 | 3,388,601 |
| | | | 7,446,256 | 6,269,894 | 6,052,570 |
| 4,246,590 | 4,018,893 | 5,291,479 | | | |
| 1,581,460 | 1,466,633 | 1,980,816 | | | |
| 598,401 | 697,787 | 364,338 | 629,796 | 590,187 | 635,814 |
| 1,229,866 | 1,028,859 | 1,274,644 | 1,075,895 | 913,854 | 838,170 |
| <u>28,785,644</u> | <u>27,434,367</u> | <u>35,459,883</u> | <u>42,115,939</u> | <u>43,914,041</u> | <u>38,182,507</u> |
| 7,039,396 | 6,846,447 | 7,797,715 | 7,162,265 | 7,973,136 | 6,595,608 |
| 4,934,709 | 4,377,101 | 6,375,039 | - | - | - |
| 361,604 | 428,003 | 786,701 | - | - | - |
| <u>12,335,709</u> | <u>11,651,551</u> | <u>14,959,455</u> | <u>7,162,265</u> | <u>7,973,136</u> | <u>6,595,608</u> |
| <u>\$ 41,121,353</u> | <u>\$ 39,085,918</u> | <u>\$ 50,419,338</u> | <u>\$ 49,278,204</u> | <u>\$ 51,887,177</u> | <u>\$ 44,778,115</u> |
| <u>\$ 46,506,252</u> | <u>\$ 46,597,185</u> | <u>\$ 48,180,704</u> | <u>\$ 51,186,359</u> | <u>\$ 50,610,016</u> | <u>\$ 50,509,633</u> |

(Continued)

- (d) In fiscal year 2019-20 the Business-type Ambulance Fund was move into the General Fund under the Fire program. The City also decided to stop breaking out separate Public Safety programs in the annual financial report.
- (e) In fiscal year 2019-20 the Business-type Building Fund was changed to a Special Revenue Fund. The program activities are grouped with the other Community development programs.
- (f) In fiscal year 2019-20 the City decided to stop breaking out separate Culture and Recreation programs in their annual financial report. Programs were previously broken down by Parks and recreation and Library programs.

City of McMinnville, Oregon
Changes in Net Position
Last Ten Fiscal Years
(full accrual basis of accounting)

| <u>Functions/Programs</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------------------------|------------------------|------------------------|-----------------------|------------------------|
| Program revenues | | | | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 477,936 | \$ 569,633 | \$ 719,791 | \$ 1,074,482 |
| Community development (e) | 571,421 | 611,380 | 743,044 | 770,042 |
| Public safety: (d) | | | | |
| Police | 905,505 | 730,264 | 673,672 | 751,326 |
| Fire | 340,253 | 347,407 | 378,028 | 419,445 |
| Highways and streets (a) | 190,481 | 160,383 | 344,459 | 253,342 |
| Culture and recreation: (f) | | | | |
| Parks and recreation | 1,248,255 | 1,317,763 | 1,574,113 | 1,525,952 |
| Library | 69,482 | 45,433 | 55,294 | 44,693 |
| Airport | 239,436 | 244,969 | 247,965 | 260,293 |
| Operating grants and contributions | 2,234,195 | 2,281,464 | 2,460,484 | 2,654,786 |
| Capital grants and contributions (b) | 761,169 | 679,849 | 1,949,416 | 2,542,985 |
| Total governmental activities program revenues | <u>7,038,133</u> | <u>6,988,545</u> | <u>9,146,266</u> | <u>10,297,346</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Wastewater | 8,554,156 | 9,076,321 | 9,911,181 | 9,166,543 |
| Ambulance (d) | 2,846,540 | 2,646,881 | 2,911,613 | 3,373,134 |
| Building (e) | 290,537 | 390,852 | 561,441 | 393,079 |
| Operating grants and contributions | 564 | - | 76 | - |
| Capital grants and contributions (b) | 106,632 | 37,206 | 377,475 | 650,082 |
| Total business-type activities program revenues | <u>11,798,429</u> | <u>12,151,260</u> | <u>13,761,786</u> | <u>13,582,838</u> |
| Total primary government program revenues | <u>\$ 18,836,562</u> | <u>\$ 19,139,805</u> | <u>\$ 22,908,052</u> | <u>\$ 23,880,184</u> |
| Component unit: | | | | |
| Water and Light: | | | | |
| Charges for services | \$ 43,030,261 | \$ 44,662,133 | \$ 44,944,442 | \$ 45,275,019 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | 474,900 | 909,683 | 1,560,929 | 974,832 |
| Total component unit program revenues | <u>\$ 43,505,161</u> | <u>\$ 45,571,816</u> | <u>\$ 46,505,371</u> | <u>\$ 46,249,851</u> |
| Net revenue (expense) | | | | |
| Primary government: | | | | |
| Governmental activities | \$ (16,769,753) | \$ (16,111,694) | \$ (12,081,074) | \$ (25,924,036) |
| Business-type activities | 2,306,916 | 2,550,607 | 5,144,412 | 192,712 |
| Total primary government net revenue (expense) | <u>\$ (14,462,837)</u> | <u>\$ (13,561,087)</u> | <u>\$ (6,936,662)</u> | <u>\$ (25,731,324)</u> |
| Component unit: | | | | |
| Water and Light | <u>\$ 1,921,316</u> | <u>\$ 2,384,492</u> | <u>\$ 4,406,071</u> | <u>\$ 1,338,161</u> |

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 1,102,898 | \$ 853,756 | \$ 1,553,039 | \$ 1,480,347 | \$ 2,940,808 | \$ 3,982,289 |
| 128,813 | 198,648 | 199,146 | 1,090,486 | 1,121,556 | 1,425,276 |
| | | | 3,923,646 | 4,287,979 | 5,068,100 |
| 688,349 | 451,940 | 652,721 | | | |
| 562,245 | 593,475 | 728,544 | | | |
| 14 | 5,737 | 243,182 | 744,950 | 470,556 | 678,038 |
| | | | 1,485,238 | 517,447 | 983,424 |
| 1,116,841 | 1,449,251 | 840,295 | | | |
| 38,658 | 39,914 | 73,010 | | | |
| 256,854 | 313,680 | 341,479 | 355,515 | 353,071 | 401,744 |
| 2,364,801 | 3,097,992 | 3,614,762 | 1,553,655 | 1,831,040 | 1,832,165 |
| 2,686,710 | 6,938,770 | 4,185,240 | 2,418,349 | 1,827,955 | 2,405,178 |
| <u>8,946,183</u> | <u>13,943,163</u> | <u>12,431,418</u> | <u>13,052,186</u> | <u>13,350,412</u> | <u>16,776,214</u> |
| 9,323,139 | 9,775,061 | 10,316,187 | 10,460,859 | 10,988,621 | 10,826,206 |
| 3,494,130 | 3,247,282 | 3,709,176 | - | - | - |
| 612,659 | 832,010 | 728,107 | - | - | - |
| - | - | - | - | 1,074 | 23,894 |
| <u>617,329</u> | <u>411,498</u> | <u>1,854,802</u> | <u>1,483,355</u> | <u>740,389</u> | <u>1,836,717</u> |
| <u>14,047,257</u> | <u>14,265,851</u> | <u>16,608,272</u> | <u>11,944,214</u> | <u>11,730,084</u> | <u>12,686,817</u> |
| <u>\$ 22,993,440</u> | <u>\$ 28,209,014</u> | <u>\$ 29,039,690</u> | <u>\$ 24,996,400</u> | <u>\$ 25,080,496</u> | <u>\$ 29,463,031</u> |
| \$ 46,246,552 | \$ 46,994,299 | \$ 47,502,181 | \$ 50,182,362 | \$ 50,536,707 | \$ 50,839,486 |
| - | - | - | - | - | 60,033 |
| <u>1,076,976</u> | <u>1,660,556</u> | <u>2,300,239</u> | <u>1,934,815</u> | <u>4,244,830</u> | <u>2,878,686</u> |
| <u>\$ 47,323,528</u> | <u>\$ 48,654,855</u> | <u>\$ 49,802,420</u> | <u>\$ 52,117,177</u> | <u>\$ 54,781,537</u> | <u>\$ 53,778,205</u> |
| \$ (19,839,461) | \$ (13,491,204) | \$ (23,028,465) | \$ (29,063,753) | \$ (30,563,629) | \$ (21,406,293) |
| <u>1,711,548</u> | <u>2,614,300</u> | <u>1,648,817</u> | <u>4,781,949</u> | <u>3,756,948</u> | <u>6,091,209</u> |
| <u>\$ (18,127,913)</u> | <u>\$ (10,876,904)</u> | <u>\$ (21,379,648)</u> | <u>\$ (24,281,804)</u> | <u>\$ (26,806,681)</u> | <u>\$ (15,315,084)</u> |
| <u>\$ 817,276</u> | <u>\$ 2,057,670</u> | <u>\$ 1,621,716</u> | <u>\$ 930,818</u> | <u>\$ 4,171,521</u> | <u>\$ 3,268,572</u> |

(Continued)

City of McMinnville, Oregon
Changes in Net Position
Last Ten Fiscal Years
(full accrual basis of accounting)

| <u>Functions/Programs</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| General revenues and other changes in net position | | | | |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 12,145,519 | \$ 12,457,511 | \$ 12,937,499 | \$ 14,751,884 |
| Franchise taxes | 2,486,923 | 2,538,348 | 2,548,881 | 2,504,237 |
| Transient lodging taxes | - | 235,874 | 574,911 | 644,878 |
| Unrestricted state shared revenues | 760,551 | 807,749 | 834,087 | 825,156 |
| Unrestricted investment earnings (c) | 95,507 | 97,482 | 78,040 | 86,079 |
| Gain (loss) on disposal of capital assets | 3,300 | 1,637 | (56,454) | - |
| Other, net | - | - | - | 617,243 |
| Transfers | (239,644) | (537,400) | (389,542) | (1,327,911) |
| Total governmental activities | <u>15,252,156</u> | <u>15,601,201</u> | <u>16,527,422</u> | <u>18,101,566</u> |
| Business-type activities: | | | | |
| Unrestricted investment earnings (c) | 101,206 | 100,694 | 89,688 | 76,170 |
| Gain (loss) on disposal of capital assets | - | - | - | (50,308) |
| Other, net | - | - | - | 112,390 |
| Transfers | 239,644 | 537,400 | 389,542 | 1,327,911 |
| Total business-type activities | <u>340,850</u> | <u>638,094</u> | <u>479,230</u> | <u>1,466,163</u> |
| Total primary government | <u>\$ 15,593,006</u> | <u>\$ 16,239,295</u> | <u>\$ 17,006,652</u> | <u>\$ 19,567,729</u> |
| Component unit: | | | | |
| Water and Light: | | | | |
| Unrestricted investment earnings (c) | \$ 182,845 | \$ 199,400 | \$ 167,244 | \$ 264,782 |
| Gain (loss) on disposal of capital assets | - | - | (199,620) | (913,815) |
| Timber sales, net of related expenses | 3,962,482 | 2,243,586 | 3,324,530 | 2,364,804 |
| Other, net | 666,093 | 1,318,548 | 1,019,342 | 1,304,702 |
| Interest expense | - | - | 37,424 | (60,735) |
| Total component unit | <u>\$ 4,811,420</u> | <u>\$ 3,761,534</u> | <u>\$ 4,348,920</u> | <u>\$ 2,959,738</u> |
| Change in net position | | | | |
| Primary government: | | | | |
| Governmental activities | \$ (1,517,597) | \$ (510,493) | \$ 4,446,348 | \$ (7,822,470) |
| Business-type activities | 2,647,766 | 3,188,701 | 5,623,642 | 1,658,875 |
| Total primary government | <u>\$ 1,130,169</u> | <u>\$ 2,678,208</u> | <u>\$ 10,069,990</u> | <u>\$ (6,163,595)</u> |
| Component unit: | | | | |
| Water and Light | <u>\$ 6,732,736</u> | <u>\$ 6,146,026</u> | <u>\$ 8,754,991</u> | <u>\$ 4,297,899</u> |

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 15,028,217 | \$ 16,228,026 | \$ 17,509,832 | \$ 17,802,972 | \$ 18,482,619 | \$ 18,461,342 |
| 2,420,309 | 2,541,802 | 2,688,775 | 3,543,906 | 4,407,646 | 3,939,329 |
| 691,102 | 947,467 | 1,274,661 | 1,059,160 | 1,125,340 | 1,657,452 |
| 913,376 | 1,114,681 | 1,428,732 | 3,706,953 | 4,142,335 | 4,192,269 |
| 317,994 | 377,589 | 151,605 | 127,503 | 34,923 | 41,798 |
| - | - | - | - | - | - |
| 483,825 | 551,665 | 260,194 | 277,478 | 820,316 | 766,100 |
| (715,800) | (713,500) | (711,000) | (2,378,066) | (57,237) | (15,038) |
| <u>19,139,023</u> | <u>21,047,730</u> | <u>22,602,799</u> | <u>24,139,906</u> | <u>28,955,942</u> | <u>29,043,252</u> |
| 157,027 | 332,672 | 591,066 | 575,914 | 252,670 | 191,645 |
| - | - | - | - | - | - |
| - | 22,528 | 26,492 | 23,162 | 26,293 | 26,670 |
| <u>715,800</u> | <u>713,500</u> | <u>711,000</u> | <u>2,378,066</u> | <u>57,237</u> | <u>15,038</u> |
| <u>872,827</u> | <u>1,068,700</u> | <u>1,328,558</u> | <u>2,977,142</u> | <u>336,200</u> | <u>233,353</u> |
| <u>\$ 20,011,850</u> | <u>\$ 22,116,430</u> | <u>\$ 23,931,357</u> | <u>\$ 27,117,048</u> | <u>\$ 29,292,142</u> | <u>\$ 29,276,605</u> |
| \$ 469,319 | \$ 803,958 | \$ 1,195,165 | \$ 1,046,203 | \$ 436,494 | \$ 344,343 |
| - | - | - | - | - | - |
| 1,837,271 | 2,721,512 | 3,500,751 | 3,483,180 | 590,046 | 3,067,357 |
| 998,285 | 2,041,960 | 1,476,866 | 1,849,561 | 1,329,753 | 865,991 |
| - | - | - | - | - | - |
| <u>\$ 3,304,875</u> | <u>\$ 5,567,430</u> | <u>\$ 6,172,782</u> | <u>\$ 6,378,944</u> | <u>\$ 2,356,293</u> | <u>\$ 4,277,691</u> |
| \$ (700,438) | \$ 7,556,526 | \$ (425,666) | \$ (4,923,847) | \$ (1,607,687) | \$ 7,636,959 |
| <u>2,584,375</u> | <u>3,683,000</u> | <u>2,977,375</u> | <u>7,759,091</u> | <u>4,093,148</u> | <u>6,324,562</u> |
| <u>\$ 1,883,937</u> | <u>\$ 11,239,526</u> | <u>\$ 2,551,709</u> | <u>\$ 2,835,244</u> | <u>\$ 2,485,461</u> | <u>\$ 13,961,521</u> |
| <u>\$ 4,122,151</u> | <u>\$ 7,625,100</u> | <u>\$ 7,794,498</u> | <u>\$ 7,309,762</u> | <u>\$ 6,527,814</u> | <u>\$ 7,546,263</u> |

City of McMinnville, Oregon
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---------------------------------------|---------------------|---------------------|----------------------|----------------------|
| General Fund: | | | | |
| Nonspendable | \$ 21,603 | \$ 22,722 | \$ 22,056 | \$ 68,332 |
| Restricted | - | 1,351,766 | 94,897 | - |
| Assigned | 1,162,639 | 557,316 | 593,735 | 647,141 |
| Unassigned (b) | <u>7,117,669</u> | <u>8,053,592</u> | <u>7,575,581</u> | <u>6,768,660</u> |
| Total General Fund | <u>\$ 8,301,911</u> | <u>\$ 9,985,396</u> | <u>\$ 8,286,269</u> | <u>\$ 7,484,133</u> |
| Airport Maintenance Fund: | | | | |
| Nonspendable | \$ - | \$ - | \$ 247 | \$ - |
| Restricted | - | - | - | - |
| Committed (b) | <u>679,749</u> | <u>726,852</u> | <u>824,777</u> | <u>868,723</u> |
| Total Airport Maintenance Fund | <u>\$ 679,749</u> | <u>\$ 726,852</u> | <u>\$ 825,024</u> | <u>\$ 868,723</u> |
| Transportation Fund: (a) | | | | |
| Restricted | \$ 1,750,620 | \$ 1,900,683 | \$ 20,298,178 | \$ 17,445,877 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Transportation Fund | <u>\$ 1,750,620</u> | <u>\$ 1,900,683</u> | <u>\$ 20,298,178</u> | <u>\$ 17,445,877</u> |
| All other governmental funds: (a) (b) | | | | |
| Nonspendable | \$ 45 | \$ 4 | \$ 7,920 | \$ 4 |
| Restricted | 3,343,808 | 3,771,285 | 4,106,209 | 5,395,914 |
| Committed | - | 262,238 | 109,721 | 117,120 |
| Assigned | 1,158,861 | 814,162 | 831,013 | 156,556 |
| Unassigned | - | - | - | (188,784) |
| Total all other governmental funds | <u>\$ 4,502,714</u> | <u>\$ 4,847,689</u> | <u>\$ 5,054,863</u> | <u>\$ 5,480,810</u> |

(a) In fiscal year 2014-15 and 2015-16, the Debt Service Fund was included with All Other Governmental Funds and the Transportation Fund was a major fund.

(b) In fiscal year 2013-14, the beginning fund balance was restated to reflect a prior period adjustment. Fiscal year 2012-13 Fund balances are restated here for comparison.

Fiscal Year Ended June 30,

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,245,416 | \$ 2,183,574 | \$ 2,113,747 | \$ 10,700 | \$ 20,328 | \$ 29,884 |
| - | - | - | - | - | - |
| 673,696 | 606,790 | 655,396 | 711,883 | 786,091 | 833,933 |
| <u>6,444,745</u> | <u>6,179,445</u> | <u>5,813,577</u> | <u>6,602,148</u> | <u>6,006,241</u> | <u>6,703,907</u> |
| <u>\$ 9,363,857</u> | <u>\$ 8,969,809</u> | <u>\$ 8,582,720</u> | <u>\$ 7,324,731</u> | <u>\$ 6,812,660</u> | <u>\$ 7,567,724</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 152 |
| - | - | - | 562,914 | 552,839 | 617,091 |
| 635,411 | (185,123) | (33,778) | - | - | - |
| <u>\$ 635,411</u> | <u>\$ (185,123)</u> | <u>\$ (33,778)</u> | <u>\$ 562,914</u> | <u>\$ 552,839</u> | <u>\$ 617,243</u> |
| \$ 11,576,985 | \$ 10,370,473 | \$ 5,699,016 | \$ 5,803,291 | \$ 2,930,746 | \$ 3,480,963 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 11,576,985</u> | <u>\$ 10,370,473</u> | <u>\$ 5,699,016</u> | <u>\$ 5,803,291</u> | <u>\$ 2,930,746</u> | <u>\$ 3,480,963</u> |
| \$ 45 | \$ - | \$ 48,793 | \$ 71,723 | \$ - | \$ - |
| 4,700,635 | 4,888,829 | 5,249,997 | 4,808,850 | 5,105,854 | 4,996,856 |
| 136,238 | 156,197 | 174,734 | 39,890 | 110,935 | 152,469 |
| 151,909 | 150,482 | 146,972 | 1,646,408 | 1,661,658 | 1,926,668 |
| (836,157) | (1,883,542) | (1,848,271) | (1,640,797) | (1,473,149) | (1,027,580) |
| <u>\$ 4,152,670</u> | <u>\$ 3,311,966</u> | <u>\$ 3,772,225</u> | <u>\$ 4,926,074</u> | <u>\$ 5,405,298</u> | <u>\$ 6,048,413</u> |

City of McMinnville, Oregon
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| Revenues: | | | | |
| Property taxes | \$ 12,041,594 | \$ 12,435,395 | \$ 12,866,111 | \$ 14,688,381 |
| Special assessments | 53,608 | 59,515 | 54,328 | 57,151 |
| Licenses and permits (d) | 2,591,208 | 2,872,975 | 3,225,701 | 3,247,694 |
| Intergovernmental (b) (e) | 3,626,937 | 3,683,458 | 3,846,363 | 4,340,890 |
| Charges for services | 2,729,936 | 2,854,528 | 3,613,848 | 3,327,315 |
| Fines and forfeitures | 748,677 | 608,740 | 522,900 | 580,010 |
| Miscellaneous (a) | 334,355 | 358,783 | 425,410 | 523,785 |
| Total revenues | <u>22,126,315</u> | <u>22,873,394</u> | <u>24,554,661</u> | <u>26,765,226</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,664,094 | 1,804,140 | 2,298,268 | 3,245,287 |
| Community development | 1,226,600 | 1,165,511 | 1,221,604 | 1,295,680 |
| Public safety | 9,670,602 | 10,223,535 | 12,215,631 | 11,044,821 |
| Highways and streets | 1,431,792 | 1,485,187 | 1,775,502 | 3,364,488 |
| Culture and recreation | 4,419,442 | 4,427,361 | 4,698,934 | 4,855,542 |
| Airport (b) | 242,727 | 201,804 | 328,733 | 784,495 |
| Capital outlay: | | | | |
| Highways and streets | 479,459 | 527,054 | 502,116 | 1,735,138 |
| Culture and recreation | 1,621 | 40,751 | 410,867 | 4,650 |
| Debt service: | | | | |
| Principal | 1,075,000 | 1,070,000 | 1,173,594 | 1,600,529 |
| Interest | 575,375 | 535,025 | 540,023 | 950,387 |
| Bond refunding (f) | - | - | 32,000 | - |
| Total expenditures | <u>20,786,712</u> | <u>21,480,368</u> | <u>25,197,272</u> | <u>28,881,017</u> |
| Other financing sources (uses): | | | | |
| Bond proceeds - par/premium (d) (f) | - | - | 18,238,688 | - |
| Refunding bonds issued - par/premium (d) | - | - | 8,493,436 | - |
| Payment to refunded bond escrow agent (d) | - | - | (8,414,899) | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Proceeds from full faith and credit obligation (c) (e) | - | 1,370,000 | - | - |
| Transfers from other funds | 1,111,637 | 874,500 | 1,026,200 | 1,148,148 |
| Police vehicles - lease purchase | - | - | - | - |
| Transfers to other funds | (1,613,737) | (1,411,900) | (1,697,100) | (2,217,148) |
| Total other financing sources (uses) | <u>(502,100)</u> | <u>832,600</u> | <u>17,646,325</u> | <u>(1,069,000)</u> |
| Net change in fund balances | <u>\$ 837,503</u> | <u>\$ 2,225,626</u> | <u>\$ 17,003,714</u> | <u>\$ (3,184,791)</u> |
| Non-capital expenditures: | | | | |
| Total expenditures | \$ 20,786,712 | \$ 21,480,368 | \$ 25,197,272 | \$ 28,881,017 |
| Less: capital asset expenditures | (781,819) | (790,400) | (2,609,978) | (3,554,796) |
| Non-capital expenditures | <u>\$ 20,004,893</u> | <u>\$ 20,689,968</u> | <u>\$ 22,587,294</u> | <u>\$ 25,326,221</u> |
| Debt service as a percentage of non-capital expenditures | 8.2% | 7.8% | 7.6% | 10.1% |

Fiscal Year Ended June 30,

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
| \$ 15,097,552 | \$ 16,165,021 | \$ 17,863,899 | \$ 17,950,893 | \$ 18,515,849 | \$ 18,398,075 |
| 53,265 | 59,565 | 53,718 | 53,509 | 52,226 | 74,910 |
| 3,461,315 | 3,975,367 | 4,682,788 | 5,866,434 | 6,789,542 | 7,073,169 |
| 5,969,106 | 9,704,144 | 5,456,340 | 6,879,753 | 7,380,330 | 8,446,441 |
| 3,501,405 | 3,748,962 | 4,709,392 | 7,030,008 | 6,092,162 | 6,905,099 |
| 566,537 | 638,281 | 628,167 | 484,305 | 370,123 | 359,948 |
| 455,973 | 1,137,878 | 1,258,385 | 1,440,219 | 801,655 | 985,573 |
| <u>29,105,153</u> | <u>35,429,218</u> | <u>34,652,689</u> | <u>39,705,121</u> | <u>40,001,887</u> | <u>42,243,215</u> |
| 3,020,757 | 3,110,103 | 3,645,620 | 4,595,959 | 4,752,138 | 4,438,920 |
| 1,352,798 | 1,681,015 | 2,046,261 | 2,057,368 | 2,421,371 | 2,688,141 |
| 11,388,862 | 12,329,098 | 12,875,329 | 18,865,896 | 19,261,197 | 18,959,483 |
| 4,180,581 | 3,011,186 | 2,653,285 | 3,468,228 | 2,267,850 | 2,307,312 |
| 4,916,702 | 5,306,436 | 5,719,811 | 5,780,644 | 5,125,062 | 5,589,466 |
| 2,258,610 | 6,142,718 | 849,991 | 601,619 | 415,914 | 1,734,862 |
| 5,601,383 | 10,557,967 | 5,622,190 | 1,019,558 | 4,720,958 | 176,379 |
| 142,519 | 1,141 | 512,264 | 661,143 | 1,200 | - |
| 6,025,848 | 2,889,141 | 3,065,189 | 3,248,557 | 3,349,042 | 3,355,090 |
| 1,153,618 | 1,289,328 | 1,398,691 | 1,315,493 | 1,223,029 | 1,136,556 |
| - | - | - | - | - | - |
| <u>40,041,678</u> | <u>46,318,133</u> | <u>38,388,631</u> | <u>41,614,465</u> | <u>43,537,761</u> | <u>40,386,209</u> |
| - | 8,204,575 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 34,173 | 30,267 |
| 6,101,705 | - | - | 1,059,139 | - | - |
| 1,717,161 | 1,709,953 | 1,962,551 | 3,569,845 | 2,608,256 | 1,672,782 |
| - | 136,045 | - | - | - | - |
| <u>(2,432,961)</u> | <u>(2,423,454)</u> | <u>(2,673,551)</u> | <u>(2,122,814)</u> | <u>(2,022,022)</u> | <u>(1,547,255)</u> |
| <u>5,385,905</u> | <u>7,627,119</u> | <u>(711,000)</u> | <u>2,506,170</u> | <u>620,407</u> | <u>155,794</u> |
| <u>\$ (5,550,620)</u> | <u>\$ (3,261,796)</u> | <u>\$ (4,446,942)</u> | <u>\$ 596,826</u> | <u>\$ (2,915,467)</u> | <u>\$ 2,012,800</u> |
| \$ 40,041,678 | \$ 46,318,133 | \$ 38,388,631 | \$ 41,614,465 | \$ 43,537,761 | \$ 40,386,209 |
| <u>(9,534,993)</u> | <u>(17,372,112)</u> | <u>(10,427,948)</u> | <u>(3,157,478)</u> | <u>(5,696,959)</u> | <u>(3,554,941)</u> |
| <u>\$ 30,506,685</u> | <u>\$ 28,946,021</u> | <u>\$ 27,960,683</u> | <u>\$ 38,456,987</u> | <u>\$ 37,840,802</u> | <u>\$ 36,831,268</u> |

23.5%

14.4%

16.0%

11.9%

12.1%

12.2%
(Continued)

City of McMinnville, Oregon
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

- (a) From fiscal year 2008-09 through 2015-16, interest revenue decreased due to significantly lower interest rates.
- (b) During fiscal year 2008-09, 2010-11 and from fiscal years 2015-16 to 2017-18, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants of; \$2,570,000, \$1,250,000 and \$7,321,000, respectively, from the Federal Aviation Administration and Oregon Department of Transportation.
- (c) During fiscal year 2012-13, the City received the proceeds from a full faith and credit bank loan to purchase Fire vehicles.
- (d) During fiscal year 2014-15, the 2006 Public Safety Building Bonds were refunded and the City received proceeds from a Transportation Bond.
- (e) During fiscal year 2016-17 and 2019-20, the City received proceeds from full faith and credit bank loans for the Dundee Bypass Project, Urban Renewal Improvements (Alpine Ave), and to refinance the pension-related debt (PERS transition liability), of \$383,545, \$2,192,300 and \$3,525,860 respectively.
- (f) During fiscal year 2017-18, the City received proceeds from a Transportation Bond.



**City of
McMinnville**

City of McMinnville, Oregon
Program Revenues by Functions/Programs
Last Ten Fiscal Years
(full accrual basis of accounting)

| Functions/Programs | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 635,997 | \$ 668,316 | \$ 814,832 | \$ 1,074,482 |
| Community development (g) | 638,007 | 666,128 | 805,423 | 770,042 |
| Public safety: (f) | | | | |
| Police | 1,050,176 | 758,739 | 857,084 | 786,951 |
| Fire | 340,253 | 351,282 | 381,205 | 434,106 |
| Highways and streets (a) (b) (c) (e) | 2,504,676 | 2,573,312 | 3,889,429 | 4,058,810 |
| Culture and recreation: (d) (h) | | | | |
| Parks and recreation (b) | 1,420,302 | 1,522,760 | 1,767,924 | 1,710,213 |
| Library | 209,286 | 203,039 | 206,989 | 204,017 |
| Airport (c) | 239,436 | 244,969 | 423,380 | 824,717 |
| Total governmental activities | <u>7,038,133</u> | <u>6,988,545</u> | <u>9,146,266</u> | <u>9,863,338</u> |
| Business-type activities: | | | | |
| Wastewater (b) | 8,660,788 | 9,113,527 | 10,288,656 | 9,816,625 |
| Ambulance (f) | 2,847,104 | 2,646,881 | 2,911,689 | 3,373,134 |
| Building (g) | 290,537 | 390,852 | 561,441 | 393,079 |
| Total business-type activities | <u>11,798,429</u> | <u>12,151,260</u> | <u>13,761,786</u> | <u>13,582,838</u> |
| Total primary government | <u>\$ 18,836,562</u> | <u>\$ 19,139,805</u> | <u>\$ 22,908,052</u> | <u>\$ 23,446,176</u> |
| Component unit: | | | | |
| Water and light | <u>\$ 43,505,161</u> | <u>\$ 45,571,816</u> | <u>\$ 46,505,371</u> | <u>\$ 45,275,019</u> |

- (a) Highways and streets contributions fluctuate significantly year-to-year depending on when subdivision plans are accepted and recorded and a public street is created
- (b) System Development Charges and subdivision capital contributions fluctuate significantly depending on trends in the construction industry.
- (c) During fiscal year 2010-11 and from fiscal years 2015-16 to 2017-18, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants from the Federal Aviation Administration and Oregon Department of Transportation
- (d) During fiscal year 2019-20, the effects of COVID-19 impacted some program revenues for Culture and recreation activities.
- (e) Oregon federal exchange funds for Highways and streets fluctuate significantly from year-to-year depending on the federal funds available and the timing of the reimbursement
- (f) In fiscal year 2019-20 the Business-type Ambulance Fund was moved into the General Fund under the Fire program. The City also decided to stop breaking out separate Public Safety programs in the annual financial report.
- (g) In fiscal year 2019-20 the Business-type Building Fund was changed to a Special Revenue Fund. The program activities are grouped with the other Community development programs
- (h) In fiscal year 2019-20 the City decided to stop breaking out separate Culture and Recreation programs in their annual financial report. Programs were previously broken down by Parks and recreation and Library programs.

Fiscal Year Ended June 30,

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,125,530 | \$ 1,102,966 | \$ 1,972,840 | \$ 2,144,988 | \$ 4,115,603 | \$ 4,544,624 |
| 128,813 | 198,648 | 199,146 | 1,101,821 | 1,207,657 | 2,177,941 |
| 693,864 | 785,721 | 873,325 | 4,432,537 | 4,577,246 | 5,268,001 |
| 581,430 | 604,240 | 730,522 | | | |
| 2,728,669 | 3,040,293 | 6,052,010 | 2,009,823 | 2,273,081 | 1,742,373 |
| | | | 2,170,366 | 774,410 | 1,256,071 |
| 1,460,744 | 1,717,003 | 1,353,565 | | | |
| 220,229 | 232,476 | 248,674 | | | |
| <u>2,006,904</u> | <u>6,261,816</u> | <u>1,001,336</u> | <u>1,192,651</u> | <u>402,415</u> | <u>1,787,204</u> |
| <u>8,946,183</u> | <u>13,943,163</u> | <u>12,431,418</u> | <u>13,052,186</u> | <u>13,350,412</u> | <u>16,776,214</u> |
| 9,940,468 | 10,186,559 | 12,170,989 | 11,944,214 | 11,730,084 | 12,686,817 |
| 3,494,130 | 3,247,282 | 3,709,176 | - | - | - |
| 612,659 | 832,010 | 728,107 | - | - | - |
| <u>14,047,257</u> | <u>14,265,851</u> | <u>16,608,272</u> | <u>11,944,214</u> | <u>11,730,084</u> | <u>12,686,817</u> |
| <u>\$ 22,993,440</u> | <u>\$ 28,209,014</u> | <u>\$ 29,039,690</u> | <u>\$ 24,996,400</u> | <u>\$ 25,080,496</u> | <u>\$ 29,463,031</u> |
| <u>\$ 47,323,528</u> | <u>\$ 48,654,855</u> | <u>\$ 49,802,420</u> | <u>\$ 52,117,177</u> | <u>\$ 54,781,537</u> | <u>\$ 53,778,205</u> |

City of McMinnville, Oregon
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Real Property | Mobile Home Property | Personal Property | Utilities (a) |
|----------------------------------|------------------|----------------------|----------------------|---------------|
| 2013 | \$ 2,044,959,775 | \$ 33,514,726 | \$ 80,238,487 | \$ 40,432,100 |
| 2014 | 2,079,603,829 | 34,025,542 | 78,234,266 | 41,303,400 |
| 2015 | 2,152,656,982 | 29,389,640 | 82,315,868 | 40,151,340 |
| 2016 | 2,297,104,909 | 33,465,952 | 80,930,768 | 38,880,800 |
| 2017 | 2,324,209,411 | 34,381,495 | 84,909,545 | 44,490,351 |
| 2018 | 2,425,373,589 | 35,322,954 | 81,535,244 | 41,793,532 |
| 2019 | 2,470,785,684 | 46,428,107 | 83,393,071 | 33,831,500 |
| 2020 | 2,591,423,947 | 49,112,143 | 93,395,821 | 33,608,680 |
| 2021 | 2,788,239,793 | 51,819,766 | 110,584,089 | 39,354,500 |
| 2022 | 2,938,085,608 | 53,537,917 | 110,116,641 | 42,650,405 |

Source: Yamhill County Assessor's Office

Note: Prior to 1998 maximum assessed value equaled estimated real market value. Effective fiscal year 1997-98, with the implementation of Oregon Ballot Measure 50, maximum assessed value was reduced to 1995 estimated real market value less ten percent. Future increases are limited to three percent plus exceptions, which include, but are not limited to, new property and new improvements to property.

(a) During fiscal year 2012-13, Cascade Steel Rolling Mills, Inc appealed the State Department of Revenue's valuation of its' McMinnville mill. The state agreed to lower the assessed value of the property by approximately \$10 million.

(b) Excludes tax-exempt property.

| <u>Total Taxable Assessed Value (b)</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Real Market Value</u> | <u>Total Taxable Assessed Value as a Percentage of Estimated Real Market Value</u> |
|-----------------------------------------|------------------------------|------------------------------------|------------------------------------------------------------------------------------|
| \$ 2,199,145,088 | 5.65 | \$ 2,767,634,640 | 79.5 |
| 2,233,167,037 | 5.72 | 2,748,715,501 | 81.2 |
| 2,304,513,830 | 5.74 | 2,861,726,286 | 80.5 |
| 2,450,382,429 | 6.23 | 3,119,905,725 | 78.5 |
| 2,487,990,802 | 6.18 | 3,418,882,530 | 72.8 |
| 2,591,403,059 | 6.44 | 3,722,887,719 | 69.6 |
| 2,634,438,362 | 6.57 | 3,930,001,020 | 67.0 |
| 2,767,540,591 | 6.43 | 4,191,800,158 | 66.0 |
| 2,989,998,148 | 6.43 | 4,617,331,941 | 64.8 |
| 3,144,390,571 | 6.11 | 5,072,516,303 | 62.0 |

City of McMinnville, Oregon
Property Tax Rates of Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

| Fiscal Year Ended June 30, | Direct Rate | | | | | | |
|-------------------------------------|---------------------|-----------------|------------------|-----------------|----------------|-----------------|-------|
| | City of McMinnville | | | | Yamhill County | | |
| | Operating (a) | Debt Service | Urban Renewal | Total Direct | Operating | Debt Service | Total |
| 2013 | 5.02 | 0.63 | - | 5.65 | 2.57 | - | 2.57 |
| 2014 | 5.02 | 0.70 | - | 5.72 | 2.57 | - | 2.57 |
| 2015 | 5.02 | 0.68 | 0.04 | 5.74 | 2.57 | - | 2.57 |
| 2016 | 5.02 | 1.16 | 0.05 | 6.23 | 2.58 | - | 2.58 |
| 2017 | 5.02 | 1.08 | 0.07 | 6.18 | 2.58 | - | 2.58 |
| 2018 | 5.02 | 1.34 | 0.08 | 6.44 | 2.58 | - | 2.58 |
| 2019 | 5.02 | 1.45 | 0.10 | 6.57 | 2.58 | - | 2.58 |
| 2020 | 5.02 | 1.29 | 0.12 | 6.43 | 2.58 | - | 2.58 |
| 2021 | 5.02 | 1.27 | 0.14 | 6.43 | 2.58 | - | 2.58 |
| 2022 | 5.02 | 0.92 | 0.17 | 6.11 | 2.58 | - | 2.58 |

Source: Yamhill County Assessor's Office

Note: Beginning fiscal year 1997-98, property tax rates are limited by an amendment to Oregon's constitution referred to as the permanent rate limit (Measure 50). Districts can levy a property tax rate every year that is less than or equal to this limit without additional voter approval. Voters can approve bond levies and local option levies in addition to the permanent rate levy.

(a) The City's permanent property tax rate limit established by Measure 50 is \$5.02 per thousand of assessed

(b) Yamhill County Extension Service, Yamhill County Soil & Water District, Willamette Regional Educational Service District, Chemeketa Library and Chemeketa Community College.

| Overlapping Rates | | | | | | Total Direct and Overlapping Rates |
|------------------------------------|-----------------|-------|-----------------------------|-----------------|-------|---------------------------------------------|
| McMinnville School District No. 40 | | | Other Taxing Districts (b) | | | |
| Operating | Debt Service | Total | Operating & Local Option | Debt Service | Total | |
| 4.15 | 2.83 | 6.98 | 1.08 | 0.27 | 1.36 | 16.55 |
| 4.15 | 2.72 | 6.87 | 1.08 | 0.23 | 1.32 | 16.48 |
| 4.15 | 2.79 | 6.94 | 1.08 | 0.27 | 1.35 | 16.61 |
| 4.15 | 2.72 | 6.87 | 1.08 | 0.28 | 1.36 | 17.04 |
| 4.15 | 2.74 | 6.89 | 1.08 | 0.28 | 1.36 | 17.00 |
| 4.15 | 2.60 | 6.75 | 1.08 | 0.27 | 1.35 | 17.12 |
| 4.15 | 2.59 | 6.74 | 1.08 | 0.27 | 1.35 | 17.24 |
| 4.15 | 2.60 | 6.75 | 1.08 | 0.26 | 1.34 | 17.10 |
| 4.15 | 2.59 | 6.74 | 1.08 | 0.26 | 1.34 | 17.09 |
| 4.15 | 2.56 | 6.71 | 1.08 | 0.27 | 1.35 | 16.75 |

City of McMinnville, Oregon
Principal Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | Type of Business | Fiscal Year Ended June 30, 2022 | | | Fiscal Year Ended June 30, 2013 | | |
|-------------------------------------------|-------------------------------------|---------------------------------|-----------------|------|---------------------------------|-----------------|------|
| | | Assessed Value | Percentage | Rank | Assessed Value | Percentage | Rank |
| Cascade Steel Rolling Mills, Inc. | Steel production | \$ 82,963,385 | 2.77 % | 1 | \$ 66,884,177 | 3.04 % | 1 |
| Willamette Valley Medical Center, LLC (a) | Health care | 62,244,748 | 2.08 | 2 | 57,682,955 | 2.62 | 2 |
| Brookdale Senior Living INC (c) | Retirement community | 21,957,476 | 0.73 | 3 | 17,602,949 | 0.80 | 4 |
| Jackson Family Wines INC (d) | Commercial wine producer | 16,125,617 | 0.54 | 4 | - | - | - |
| Lowes Home Improvement Warehouse, Inc. | Home improvement retail store | 15,989,084 | 0.53 | 5 | 15,232,530 | 0.69 | 5 |
| Lafayette Place Apartments LLC | Residential real estate management | 15,507,547 | 0.52 | 6 | - | - | - |
| March Hare LLC & McMincenter, LLC (e) | Commercial real estate management | 14,722,130 | 0.49 | 7 | - | - | - |
| Winco Foods LLC | Supermarket Chain | 13,089,513 | 0.44 | 8 | - | - | - |
| Northwest Natural Gas Co. | Natural gas distributor | 12,694,000 | 0.42 | 9 | - | - | - |
| Cooperative Regions of Organic Producer | Cooperative of organic family farms | 11,405,467 | 0.38 | 10 | - | - | - |
| McMinnville Properties LLC (b) | Developer/event center | - | - | - | 24,219,936 | 1.10 | 3 |
| Comcast Corporation | Cable television | - | - | - | 14,487,200 | 0.66 | 6 |
| Frontier Communications | Telephone communication | - | - | - | 12,744,000 | 0.58 | 7 |
| NBS-McMinnville Plaza OPCO, LLC (e) | Commercial real estate management | - | - | - | 10,844,382 | 0.49 | 8 |
| Air Liquide Industrial U S, LP | Liquid oxygen, nitrogen, argon | - | - | - | 8,506,658 | 0.39 | 9 |
| Total principal property tax payers | | 266,698,967 | 8.92 | | 228,204,787 | 10.38 | |
| All other property tax payers | | <u>2,723,299,181</u> | <u>91.08</u> | | <u>1,970,940,301</u> | <u>89.62</u> | |
| Total | | <u>\$ 2,989,998,148</u> | <u>100.00 %</u> | | <u>\$ 2,199,145,088</u> | <u>100.00 %</u> | |

Source: Yamhill County Assessor's Office

(a) Willamette Valley Medical Center, LLC is owned by Capella Healthcare, LLC, but still operates under that name

(b) A portion of Evergreen Vintage Aircraft Inc. property was acquired by McMinnville Properties LLC, although the property and facilities are the same

(c) HCP SH ELP1 Properties LLC dba Hillside Senior Living Community & Brookdale Senior Living INC have been acquired by Brookdale Senior Living INC, although the property and facilities are the same

(d) Jackson Family Wines INC and Jackson Family Wines are independent entities

(e) NBS-McMinnville Plaza OPCO, LLC has been acquired by March Hare LLC & McMincenter, LLC, although the property and facilities are the same

The 10th ranked principal property tax payer for the fiscal year ended June 30, 2013 was not available



**City of
McMinnville**

City of McMinnville, Oregon
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Levy | | | Collected within the Fiscal Year of the Levy | |
|----------------------------------|---------------|-----------------|-------------------|-------------------------------------------------|--------------------------------|
| | Original | Adjustments (a) | Total Adjusted | Amount | Percentage of Original Levy |
| 2013 | \$ 12,457,781 | \$ (361,195) | \$ 12,096,586 | \$ 11,539,961 | 92.6 |
| 2014 | 12,783,321 | (338,882) | 12,444,439 | 11,929,188 | 93.3 |
| 2015 | 13,220,677 | (357,861) | 12,862,816 | 12,364,308 | 93.5 |
| 2016 | 15,205,508 | (499,925) | 14,705,583 | 14,194,904 | 93.4 |
| 2017 | 15,439,224 | (452,492) | 14,986,732 | 14,532,891 | 94.1 |
| 2018 | 16,679,694 | (437,197) | 16,242,497 | 15,719,316 | 94.2 |
| 2019 | 18,016,281 | (569,453) | 17,446,828 | 17,048,835 | 94.6 |
| 2020 | 18,424,097 | (556,905) | 17,867,191 | 17,279,827 | 93.8 |
| 2021 | 19,096,894 | (566,787) | 18,530,107 | 18,174,389 | 95.2 |
| 2022 | 19,096,949 | (580,317) | 18,516,632 | 18,140,194 | 95.0 |

Source: Yamhill County Assessor's Office

(a) Adjustments include discounts, write-offs, cancellations, and interest.

| Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------------|---------------------------|--------------------------------|
| | Amount | Percentage of Adjusted Levy |
| \$ 530,783 | \$ 12,070,744 | 99.79 |
| 498,523 | 12,427,711 | 99.87 |
| 498,205 | 12,862,513 | 100.00 |
| 436,940 | 14,631,844 | 99.50 |
| 398,986 | 14,931,877 | 99.63 |
| 379,532 | 16,098,848 | 99.12 |
| 395,727 | 17,444,562 | 99.99 |
| 308,851 | 17,588,678 | 98.44 |
| 172,890 | 18,347,279 | 99.01 |
| - | 18,140,194 | 97.97 |

City of McMinnville, Oregon
Sewer Revenue Base by Type of Customer
Last Ten Fiscal Years
(in cubic feet)

| Customer Type | Fiscal Year Ended June 30, | | | |
|-------------------------------|-----------------------------------|------------------------------|------------------------------|------------------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Water consumption (e): | | | | |
| Residential | \$ 75,773,900 | \$ 75,498,100 | \$ 75,212,200 | \$ 75,670,000 |
| Commercial - no average (b) | 56,242,500 | 53,151,400 | 51,733,900 | 53,543,500 |
| Commercial - with average (c) | <u>7,882,400</u> | <u>5,879,700</u> | <u>5,727,300</u> | <u>5,824,500</u> |
| Total | <u>\$ 139,898,800</u> | <u>\$ 134,529,200</u> | <u>\$ 132,673,400</u> | <u>\$ 135,038,000</u> |

| | | | | |
|----------------------------------------------------|----------|----------|----------|----------|
| Residential sewer rates: (a) | | | | |
| Service charge per residential unit | \$ 17.05 | \$ 17.25 | \$ 17.73 | \$ 18.60 |
| Volume charge per 100 cubic feet of water used (d) | 4.77 | 4.94 | 5.08 | 5.22 |
| Commercial and industrial sewer rates: | | | | |
| Service charge per account | 17.05 | 17.25 | 17.73 | 18.60 |
| Volume charge per 100 cubic feet of water used | 5.89 | 6.13 | 6.30 | 6.48 |

Sources: McMinnville Water & Light Department and City of McMinnville Engineering Department

- (a) Sewer rates are applied to water consumption amounts to derive sewer revenue.
- (b) Commercial sewer customers that do not have irrigation systems are billed according to actual water usage for all months.
- (c) Commercial sewer customers that have irrigation systems are billed according to actual water usage during the winter months (December - March) and are billed on the previous winter's monthly average water consumption or actual water usage, whichever is less, during the remaining months (April - November).
- (d) Residential sewer customers are billed according to actual water usage during the winter months (December - March). The remaining months (April - November) sewer charges are based on the previous winter's monthly average water consumption or actual water usage whichever is less.
- (e) Water consumption continues to decrease due to various factors including conservation measures and rate increases.

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 75,912,502 | \$ 75,958,939 | \$ 74,939,700 | \$ 75,446,000 | \$ 78,915,000 | \$ 77,790,200 |
| 44,729,900 | 43,761,700 | 45,964,700 | 44,991,500 | 47,846,400 | 44,217,400 |
| <u>6,221,000</u> | <u>5,861,500</u> | <u>5,721,100</u> | <u>5,458,100</u> | <u>5,041,800</u> | <u>5,504,100</u> |
| <u>\$ 126,863,402</u> | <u>\$ 125,582,139</u> | <u>\$ 126,625,500</u> | <u>\$ 125,895,600</u> | <u>\$ 131,803,200</u> | <u>\$ 127,511,700</u> |

| | | | | | |
|----------|----------|----------|----------|----------|----------|
| \$ 19.25 | \$ 20.00 | \$ 20.73 | \$ 22.38 | \$ 22.38 | \$ 22.38 |
| 5.36 | 5.49 | 5.62 | 6.07 | 6.07 | 6.07 |
| 19.25 | 20.00 | 20.73 | 22.38 | 22.38 | 22.38 |
| 6.65 | 6.81 | 6.96 | 7.51 | 7.51 | 7.51 |

City of McMinnville, Oregon
Number of Sewer Connections by Customer Type
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Residential | General Service & Commercial | Total |
|-------------------------------------|-------------|------------------------------------|--------|
| 2013 | 11,784 | 1,164 | 12,948 |
| 2014 | 12,042 | 1,097 | 13,139 |
| 2015 | 12,280 | 1,157 | 13,437 |
| 2016 | 12,121 | 1,083 | 13,204 |
| 2017 | 12,493 | 1,113 | 13,606 |
| 2018 | 12,770 | 1,151 | 13,921 |
| 2019 | 12,869 | 1,158 | 14,027 |
| 2020 | 13,267 | 1,152 | 14,419 |
| 2021 | 13,697 | 1,172 | 14,869 |
| 2022 | 13,784 | 1,166 | 14,950 |

Source: McMinnville Water & Light Department

City of McMinnville, Oregon
Sewer Rates
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Residential | | Commercial & Industrial | | Total Sewer and Septage Charges | Annual Growth |
|-------------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------|---------------------------------------|------------------|
| | Monthly Base Rate | Rate per Additional 100 cubic feet | Monthly Base Rate | Rate per Additional 100 cubic feet | | |
| 2013 | 17.05 | 4.77 | 17.05 | 5.89 | \$ 8,233,885 | 3.00 |
| 2014 | 17.25 | 4.94 | 17.25 | 6.13 | 8,601,036 | 4.46 |
| 2015 | 17.73 | 5.08 | 17.73 | 6.30 | 9,166,951 | 6.58 |
| 2016 | 18.60 | 5.22 | 18.60 | 6.48 | 9,166,543 | (0.00) |
| 2017 | 19.25 | 5.36 | 19.25 | 6.65 | 9,287,932 | 1.32 |
| 2018 | 20.00 | 5.49 | 20.00 | 6.81 | 9,764,579 | 5.13 |
| 2019 | 20.73 | 5.62 | 20.73 | 6.96 | 10,290,558 | 5.19 |
| 2020 | 22.38 | 6.07 | 22.38 | 7.51 | 10,366,710 | 1.85 |
| 2021 | 22.38 | 6.07 | 22.38 | 7.51 | 10,925,886 | 5.39 |
| 2022 | 22.38 | 6.07 | 22.38 | 7.51 | 10,805,702 | (1.10) |

Source: City of McMinnville Engineering Department

Note: Sewer rates are set by City Council taking into consideration the City's Sewer Mater Plan which provides recommendations for future operational and capital needs. In 2015, City Council adopted the updated Wastewater System Financial Plan which continues the City's policy of moderate annual rate increases.

City of McMinnville, Oregon
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | General Obligation Bonds | Less Amount Available in Debt Service Fund (a) | Net General Obligation Bonded Debt | Percentage of Estimated Real Market Value (b) | Per Capita (c) |
|-------------------------------------|--------------------------------|---------------------------------------------------------|---------------------------------------------|--------------------------------------------------------|-------------------|
| 2013 | \$ 15,848,203 | \$ 1,070,000 | \$ 14,778,203 | 0.53 | 455 |
| 2014 | 14,734,796 | 1,105,000 | 13,629,796 | 0.50 | 417 |
| 2015 | 32,140,210 | 1,525,000 | 30,615,210 | 1.07 | 925 |
| 2016 | 30,333,129 | 1,850,000 | 28,483,129 | 0.91 | 853 |
| 2017 | 27,761,049 | 1,228,000 | 26,533,049 | 0.78 | 788 |
| 2018 | 33,216,319 | 1,268,000 | 31,948,319 | 0.86 | 945 |
| 2019 | 30,363,737 | 1,474,640 | 28,889,097 | 0.74 | 851 |
| 2020 | 25,085,000 | 1,109,475 | 23,975,525 | 0.57 | 699 |
| 2021 | 22,360,000 | 1,083,600 | 21,276,400 | 0.46 | 621 |
| 2022 | 19,650,000 | 408,575 | 19,241,425 | 0.38 | n/a |

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements (Note III. G).

- (a) Amount of fund balance restricted for principal payments.
- (b) See Schedule of Assessed and Estimated Actual Value of Property for estimated real market value data.
- (c) See Schedule of Demographic and Economic Statistics for population data.
- (d) Includes general bonded debt, other governmental activities debt, and business-type activities debt. In fiscal year 2014-15, the primary government debt was restated from net to gross.
- (e) See Schedule of Demographic and Economic Statistics for personal income data.

n/a - not available

| <u>Other</u> | <u>Governmental Activities Debt</u> | | <u>Business-Type Activities</u> | | | <u>Total Primary Government (d)</u> | <u>Percentage of Personal Income (e)</u> | <u>Per Capita (c)</u> |
|--------------------------------------------------|-------------------------------------|---------------------------|---------------------------------|--------------------------------------------------|--------------------------|---------------------------------------------|--------------------------------------------------|---------------------------|
| <u>Full Faith & Credit Bank Loan</u> | <u>Notes Payable</u> | <u>Capital Leases</u> | <u>Revenue Bonds</u> | <u>Full Faith & Credit Bank Loan</u> | <u>Notes Payable</u> | | | |
| - | \$ - | \$ - | \$ 2,891,742 | \$ - | \$ - | \$ 18,739,945 | 1.64 | \$ 576 |
| - | 1,370,000 | - | - | - | - | 16,104,796 | 1.34 | 492 |
| - | 1,766,095 | - | - | - | - | 33,906,305 | 2.60 | 1,025 |
| - | 3,221,241 | - | - | - | - | 33,554,370 | 2.51 | 1,004 |
| 2,573,102 | 5,563,799 | - | - | - | - | 35,897,950 | 2.45 | 1,066 |
| 2,417,345 | 5,297,484 | 105,333 | - | 952,758 | - | 41,989,239 | 2.71 | 1,242 |
| 2,230,680 | 4,960,241 | 74,621 | - | 895,092 | - | 38,524,371 | 2.39 | 1,135 |
| 2,572,980 | 5,401,554 | 370,282 | - | 817,167 | - | 34,246,983 | 2.12 | 998 |
| 4,332,910 | 5,013,839 | 285,647 | - | 186,473 | - | 32,178,869 | 1.84 | 940 |
| 3,767,752 | 4,624,784 | 196,952 | - | 162,733 | - | 28,402,221 | 1.47 | 823 |

City of McMinnville, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2022

| Governmental Unit | Outstanding Debt | Estimated Percentage Applicable (a) | Estimated Share of Overlapping Debt |
|-------------------------------------------|---------------------|-------------------------------------------|----------------------------------------------|
| Direct: | | | |
| General obligation bonded debt - City | \$ 19,650,000 | 100.00 % | \$ 19,650,000 |
| Other governmental activities debt - City | 8,589,488 | 100.00 % | 8,589,488 |
| Total direct debt (b) | | | <u>28,239,488</u> |
| Overlapping: | | | |
| General obligation bonded debt: | | | |
| Chemeketa Community College | 38,460,000 | 6.98 | 2,684,508 |
| McMinnville School District No. 40 | 108,355,000 | 77.66 | 84,148,493 |
| Other governmental activities debt: | | | |
| Chemeketa Community College | 86,950,671 | 6.98 | 6,069,157 |
| Willamette Education Service District | 17,216,922 | 6.36 | 1,094,996 |
| Yamhill County | 8,337,279 | 28.47 | 2,373,623 |
| McMinnville School District No. 40 | 19,685,000 | 77.66 | <u>15,287,371</u> |
| Total overlapping debt | | | <u>111,658,148</u> |
| Total direct and overlapping debt | | | <u>\$ 139,897,636</u> |

Source: Oregon State Treasury Debt Management Division

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using estimated real market values. Applicable percentages were estimated by determining the portion of another governmental unit's estimated real market value within the City's boundaries and dividing it by each governmental unit's total estimated real market value.

(b) Disclosure notes regarding long-term liabilities include value of compensated absences. Total direct debt in this table does not, thus the total is different by this amount.

| | |
|-----------------------------------|------------------|
| Governmental compensated absence | 1,079,216 |
| Business type compensated absence | 98,684 |
| | <u>1,177,900</u> |



**City of
McMinnville**

City of McMinnville, Oregon
Legal Debt Margin Calculation
Last Ten Fiscal Years

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Total estimated real market value | \$ 2,767,634,640 | \$ 2,748,715,501 | \$ 2,861,726,286 | \$ 3,119,905,725 |
| Debt limitation: | | | | |
| 3% of estimated real market value | 83,029,039 | 82,461,465 | 85,851,789 | 93,597,172 |
| Debt applicable to limitation: | | | | |
| Total general obligation bonded debt | 15,440,000 | 14,370,000 | 28,580,000 | 27,055,000 |
| Less amount available for payment of general obligation principal | <u>(1,070,000)</u> | <u>(1,105,000)</u> | <u>(1,525,000)</u> | <u>(2,290,000)</u> |
| Net debt applicable to limitation | <u>14,370,000</u> | <u>13,265,000</u> | <u>27,055,000</u> | <u>24,765,000</u> |
| Total remaining debt limit | <u>\$ 68,659,039</u> | <u>\$ 69,196,465</u> | <u>\$ 58,796,789</u> | <u>\$ 68,832,172</u> |
| Total net debt applicable to limitation as a percentage of debt limit | 17.31% | 16.09% | 31.51% | 26.46% |

Fiscal Year Ended June 30,

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| \$ 3,418,882,530 | \$ 3,722,887,719 | \$ 3,930,001,020 | \$ 4,191,800,158 | \$ 4,617,331,941 | \$ 5,072,516,303 |
| 102,566,476 | 111,686,632 | 117,900,031 | 125,754,005 | 138,519,958 | 152,175,489 |
| 24,765,000 | 30,275,000 | 27,720,000 | 25,085,000 | 22,360,000 | 19,650,000 |
| <u>(1,228,300)</u> | <u>(1,267,785)</u> | <u>(1,474,640)</u> | <u>(1,109,475)</u> | <u>(1,083,600)</u> | <u>(408,575)</u> |
| <u>23,536,700</u> | <u>29,007,215</u> | <u>26,245,360</u> | <u>23,975,525</u> | <u>21,276,400</u> | <u>19,241,425</u> |
| <u>\$ 79,029,776</u> | <u>\$ 82,679,417</u> | <u>\$ 91,654,671</u> | <u>\$ 101,778,480</u> | <u>\$ 117,243,558</u> | <u>\$ 132,934,064</u> |
| 22.95% | 25.97% | 22.26% | 19.07% | 15.36% | 12.64% |

City of McMinnville, Oregon
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Population | Personal Income (a) | Per Capita Personal Income (b) | School Enrollment | Unemployment Rate (c) |
|-------------------------------------|------------|------------------------|-----------------------------------------|----------------------|--------------------------|
| 2013 | 32,510 | \$ 1,139,442,990 | \$ 35,049 | 6,606 | 8.1 % |
| 2014 | 32,705 | 1,198,703,660 | 36,652 | 6,620 | 6.6 |
| 2015 | 33,080 | 1,303,054,280 | 39,391 | 6,734 | 5.4 |
| 2016 | 33,405 | 1,335,331,470 | 39,974 | 6,794 | 5.1 |
| 2017 | 33,665 | 1,465,875,095 | 43,543 | 6,778 | 4.5 |
| 2018 | 33,810 | 1,550,053,260 | 45,846 | 6,764 | 3.1 |
| 2019 | 33,930 | 1,611,471,420 | 47,494 | 6,752 | 3.9 |
| 2020 | 34,319 | 1,618,175,169 | 47,151 | 6,342 | 11.1 |
| 2021 | 34,251 | 1,747,760,028 | 51,028 | 6,345 | 5.3 |
| 2022 | 34,515 | 1,926,006,030 | 55,802 | 6,429 | 3.6 |

Sources: Population information is provided by Portland State University certified yearly estimates. The current fiscal year population is based on the preliminary Oregon population estimate. Per capita personal income is from Federal Reserve Economic Data. School enrollment is provided by McMinnville School District No. 40, adjusted from the preliminary estimate in the current year to official count in the following year. Unemployment numbers are provided by the Bureau of Labor Statistics.

- (a) Personal income is calculated using population and per capita personal income figures.
- (b) Per capital personal income figures are for Yamhill County in total, not just the City of McMinnville.
- (c) Unemployment numbers prior to fiscal year 2015 were provided by the Oregon Employment Department.

n/a - not available

City of McMinnville, Oregon
Principal Employers
Current Year and Nine Years Ago

| Employer | Type of Business | Fiscal Year Ended June 30, 2022 | | | Fiscal Year Ended June 30, 2013 | | |
|---------------------------------------------------|---------------------------------------|---------------------------------|------------|------|---------------------------------|------------|------|
| | | Number of Employees | Percentage | Rank | Number of Employees | Percentage | Rank |
| McMinnville School District #40 | Education | 779 | 5.06 % | 1 | 654 | 4.84 % | 1 |
| Yamhill County | County government | 629 | 4.09 | 2 | 386 | 2.86 | 4 |
| Linfield University (Previously Linfield College) | Higher education - liberal arts | 583 | 3.79 | 3 | 355 | 2.63 | 6 |
| Willamette Valley Medical Center, LLC | Health care | 395 | 2.57 | 4 | 545 | 4.03 | 2 |
| Cascade Steel Rolling Mills, Inc. | Steel production | 381 | 2.47 | 5 | 442 | 3.27 | 3 |
| City of McMinnville | City government | 317 | 2.06 | 6 | 198 | 1.47 | 10 |
| Oregon Mutual Insurance Company | Insurance products and services | 219 | 1.42 | 7 | 208 | 1.54 | 8 |
| Meggitt Polymer | Sealing solutions manufacturing | 204 | 1.33 | 8 | 225 | 1.66 | 7 |
| Wal-Mart Stores, Inc. | Retail merchandise | 198 | 1.29 | 9 | 200 | 1.48 | 9 |
| Betty Lou's Inc (a) | Snack manufacturer | 44 | 0.29 | 10 | - | - | |
| Evergreen Enterprises, Inc. | Air freight, helicopters, agriculture | - | - | | 381 | 2.82 | 5 |
| Total principal employers | | 3,749 | 24.35 | | 3,594 | 26.59 | |
| All other employers (estimated) | | 11,647 | 75.65 | | 9,921 | 73.41 | |
| Total | | 15,396 | 100.00 % | | 13,515 | 100.00 % | |

Sources: McMinnville Economic Development Partnership. Total employees is provided by Worksource Oregon Employment Department.

(a) Noble Foods Nutrition Inc. acquired the co-packing activities of Betty Lou's, Inc in August of 2020. Co-packing activities continue uninterrupted at the McMinnville facility, and all products manufactured under the Betty Lou's array of brands are now manufactured at a new facility located in McMinnville under the continued ownership of Betty Lou Carrier, the founder.

City of McMinnville, Oregon
Construction Activity
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Commercial and Industrial (a) | | Residential (b) | |
|-------------------------------------|-------------------------------|---------------|----------------------|---------------|
| | Number of Permits | Value | Number of Permits | Value |
| 2013 | 112 | \$ 12,025,990 | 116 | \$ 12,698,093 |
| 2014 | 141 | 12,233,453 | 173 | 21,608,492 |
| 2015 | 169 | 27,786,301 | 189 | 30,794,301 |
| 2016 | 124 | 8,342,488 | 197 | 29,861,929 |
| 2017 | 160 | 53,721,846 | 148 | 17,227,703 |
| 2018 | 144 | 67,534,920 | 168 | 25,020,298 |
| 2019 | 120 | 31,043,637 | 170 | 55,509,974 |
| 2020 | 99 | 19,675,592 | 225 | 61,702,997 |
| 2021 | 86 | 38,078,824 | 123 | 26,045,607 |
| 2022 | 83 | 34,000,293 | 180 | 47,520,686 |

Source: City of McMinnville Building Division

- (a) Commercial, industrial, schools, churches, and public buildings; including additions and major repairs.
- (b) Manufactured, single family, duplex homes; and multiple family units. Including additions and major repairs.



**City of
McMinnville**

City of McMinnville, Oregon
Full-Time Equivalent Employees by Function/Program
Last Ten Fiscal Years

| Functions/Programs | Fiscal Year Ended June 30, | | | | |
|--------------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | 13.38 | 13.31 | 13.71 | 14.11 | 14.65 |
| Community development (a) | 9.60 | 9.39 | 9.83 | 10.54 | 11.25 |
| Public safety: | | | | | |
| Police: | | | | | |
| Sworn | 34.00 | 37.00 | 37.00 | 37.00 | 41.00 |
| Non-sworn | 14.77 | 11.18 | 13.39 | 12.73 | 13.73 |
| Fire (b) | 14.03 | 14.48 | 14.47 | 14.75 | 15.40 |
| Highways and streets | 8.90 | 8.66 | 8.68 | 8.71 | 7.07 |
| Culture and recreation: | | | | | |
| Parks and recreation: | | | | | |
| Full-time | 14.00 | 14.00 | 14.00 | 17.00 | 17.85 |
| Part-time | 28.67 | 27.94 | 29.94 | 27.00 | 27.59 |
| Library | 15.55 | 15.38 | 15.52 | 15.45 | 15.31 |
| Total governmental activities | <u>152.90</u> | <u>151.34</u> | <u>156.54</u> | <u>157.29</u> | <u>163.85</u> |
| Business-type activities: | | | | | |
| Wastewater | 22.40 | 20.46 | 21.46 | 21.46 | 20.50 |
| Ambulance (b) | 20.46 | 22.65 | 22.65 | 22.95 | 25.02 |
| Building (a) | 2.00 | 1.90 | 2.00 | 3.25 | 3.75 |
| Total business-type activities | <u>44.86</u> | <u>45.01</u> | <u>46.11</u> | <u>47.66</u> | <u>49.27</u> |
| Total primary government | <u>197.76</u> | <u>196.35</u> | <u>202.65</u> | <u>204.95</u> | <u>213.12</u> |

Source: City of McMinnville Adopted Budgets

- (a) In fiscal year 2019-20, the Building fund was changed to a Special Revenue Fund and employment FTE is now included under Community development in the Governmental activities section.
- (b) In fiscal year 2019-20, the Ambulance fund was moved into the General Fund under Fire department and the employment FTE is now included under Fire in the Governmental activities section.

| <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------|---------------|---------------|---------------|---------------|
| 14.78 | 15.70 | 13.80 | 13.16 | 17.14 |
| 11.57 | 15.92 | 21.35 | 18.91 | 19.41 |
| 41.00 | 43.00 | 43.66 | 43.66 | 43.66 |
| 13.73 | 13.72 | 13.72 | 13.72 | 13.07 |
| 15.57 | 16.88 | 43.77 | 44.22 | 50.18 |
| 8.82 | 9.01 | 9.76 | 9.93 | 10.04 |
| 15.00 | 17.95 | 19.45 | 20.05 | 19.20 |
| 30.44 | 28.03 | 28.03 | 30.92 | 17.50 |
| 15.42 | 15.84 | 16.78 | 17.20 | 18.18 |
| <u>166.33</u> | <u>176.05</u> | <u>210.32</u> | <u>211.77</u> | <u>208.38</u> |
| 21.37 | 21.34 | 21.34 | 21.85 | 21.96 |
| 25.02 | 25.89 | - | - | - |
| 3.75 | 5.00 | - | - | - |
| <u>50.14</u> | <u>52.23</u> | <u>21.34</u> | <u>21.85</u> | <u>21.96</u> |
| <u>216.47</u> | <u>228.28</u> | <u>231.66</u> | <u>233.62</u> | <u>230.34</u> |

City of McMinnville, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years

| <u>Functions/Programs</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------------------|----------------|----------------|----------------|----------------|
| Primary government: | | | | |
| Police: | | | | |
| Calls for service (a) (c) | 29,419 | 29,823 | 31,047 | 29,059 |
| Crimes: (a) | | | | |
| Part I Crimes Against Persons | 1,251 | 1,132 | 1,234 | 998 |
| Part II Crimes Against Property | 2,677 | 2,418 | 2,442 | 2,014 |
| Part III Behavioral Crimes | 1,133 | 1,287 | 1,364 | 1,317 |
| Total crimes | <u>5,061</u> | <u>4,837</u> | <u>5,040</u> | <u>4,329</u> |
| Traffic crashes | 235 | 334 | 284 | 373 |
| Traffic citations/warnings | 8,522 | 8,003 | 8,838 | 6,038 |
| Fire: | | | | |
| Self fire inspections conducted | - | - | - | - |
| On-site fire inspections conducted (f) | 512 | 562 | 484 | 375 |
| Fire responses | 650 | 786 | 856 | 866 |
| Fire/rescue responses | 2,912 | 2,932 | 2,996 | 3,024 |
| Level of insurance service | Class 3 | Class 3 | Class 3 | Class 3 |
| Parks and recreation: (f) | | | | |
| Aquatic center attendance: | | | | |
| General recreation programs | 70,500 | 73,729 | 84,301 | 85,715 |
| Fitness classes | 18,586 | 18,229 | 19,989 | 25,790 |
| Swim instruction | 16,016 | 16,862 | 16,523 | 15,333 |
| School district #40 programs | 4,953 | 6,454 | 6,177 | 7,263 |
| Rental attendance | 24,730 | 18,789 | 14,794 | 12,608 |
| Total attendance | <u>134,785</u> | <u>134,063</u> | <u>141,784</u> | <u>146,709</u> |

Fiscal Year Ended June 30,

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------|----------------|----------------|---------------|---------------|---------------|
| 33,342 | 36,284 | 34,043 | 31,200 | 31,727 | na |
| 1,130 | 1,321 | 983 | 1,020 | 967 | na |
| 2,075 | 2,387 | 2,352 | 2,559 | 2,466 | na |
| 1,290 | 1,237 | 1,124 | 942 | 1,260 | na |
| <u>4,495</u> | <u>4,945</u> | <u>4,459</u> | <u>4,521</u> | <u>na</u> | <u>na</u> |
| 268 | 355 | 281 | 242 | 322 | na |
| 10,852 | 11,384 | 9,195 | 4,095 | 4,197 | na |
| - | - | - | - | - | - |
| 300 | 577 | 612 | 357 | 325 | 367 |
| 817 | 967 | 1,008 | 1,497 | 1,534 | 1,458 |
| 3,018 | 2,989 | 2,699 | 1,777 | 1,857 | 1,937 |
| Class 3 | Class 3 | Class 3 | Class 3 | Class 3 | Class 3 |
| 77,399 | 62,723 | 61,682 | 40,962 | 14,845 | 27,943 |
| 23,377 | 23,876 | 26,050 | 18,329 | 2,004 | 7,623 |
| 13,604 | 13,523 | 13,230 | 8,984 | 1,714 | 5,169 |
| 7,350 | 6,108 | 6,070 | 3,893 | - | 2,053 |
| 13,804 | 14,058 | 14,550 | 9,502 | 9,092 | 9,160 |
| <u>135,534</u> | <u>120,288</u> | <u>121,582</u> | <u>81,670</u> | <u>27,655</u> | <u>51,948</u> |

(Continued)

City of McMinnville, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Functions/Programs | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------------|-------------|-------------|-------------|-------------|
| Community center and recreation programs: | | | | |
| Facility reservations | 2,559 | 2,698 | 2,051 | 1,848 |
| Children's programs (children per session): | | | | |
| Kids on the block (after school) | 682 | 694 | 449 | 447 |
| STARS (summer) | 55 | 62 | 65 | 65 |
| Community Center Programs (per year) (d) | | | | |
| Youth Programs | n/a | n/a | n/a | 2,144 |
| Adult Programs | n/a | n/a | n/a | 392 |
| Community Center Drop-In Participants (e) | n/a | n/a | n/a | 5,941 |
| Community Center / Library Programs | | | | |
| Summer Fun | | | | |
| Participants | | | | |
| Programs | | | | |
| Recreational sports: | | | | |
| Soccer: | | | | |
| Participants | 1,837 | 1,694 | 1,683 | 1,606 |
| Teams | 147 | 140 | 173 | 155 |
| Matches | 787 | 730 | 824 | 780 |
| Baseball/softball: | | | | |
| Participants | 1,162 | 1,042 | 1,120 | 1,100 |
| Teams | 91 | 83 | 93 | 97 |
| Games | 600 | 506 | 535 | 513 |
| Other sports: | | | | |
| Participants | 492 | 554 | 598 | 615 |
| Games/matches | 331 | 346 | 357 | 333 |
| Senior center: | | | | |
| Attendance (b) | 29,001 | 27,779 | 27,610 | 28,558 |
| Facility rentals | 269 | 194 | 203 | 212 |
| Senior meals served | 24,574 | 27,997 | 19,920 | 23,164 |
| Day trips taken | 19 | 19 | 15 | 18 |
| Day trip attendance | 207 | 265 | 221 | 249 |
| Overnight trips taken | 11 | 12 | 6 | 8 |
| Overnight trip attendance | 69 | 37 | 34 | 18 |
| Park maintenance: | | | | |
| Picnic reservations (a) | 155 | 154 | 160 | 160 |
| Library: | | | | |
| Items circulated | 352,211 | 351,672 | 359,093 | 384,347 |
| Items in collections / resources | 136,629 | 87,995 | 142,904 | 152,121 |
| Service hours per week | 45 | 45 | 45 | 45 |

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2,796 | 2,595 | 2,992 | 2,184 | 141 | 902 |
| 407 | 373 | 295 | 271 | - | - |
| 71 | 75 | 76 | 28 | 38 | 38 |
| 3,313 | 4,091 | 4,071 | 2,626 | 999 | 2,047 |
| 423 | 392 | 238 | 227 | 83 | 259 |
| 7,215 | 9,026 | 7,379 | 6,080 | 36 | 2,424 |
| | | | | | 3,921 |
| | | | | | 90 |
| 1,634 | 1,555 | 1,439 | 755 | 821 | 1,349 |
| 158 | 150 | 142 | 70 | 88 | 120 |
| 731 | 748 | 683 | 352 | 320 | 476 |
| 950 | 978 | 1,096 | - | 708 | 878 |
| 78 | 82 | 93 | - | 54 | 69 |
| 427 | 437 | 568 | - | 227 | 280 |
| 571 | 492 | 532 | 514 | - | 420 |
| 305 | 254 | 297 | 257 | - | 109 |
| 30,866 | 33,400 | 34,006 | 22,561 | 1,867 | 5,711 |
| 190 | 175 | 177 | 119 | 2 | 28 |
| 24,801 | 24,818 | 27,291 | 4,690 | - | - |
| 11 | 10 | 11 | 6 | - | - |
| 153 | 131 | 153 | 93 | - | - |
| 5 | 2 | - | 1 | - | - |
| 10 | 5 | - | 2 | - | - |
| 179 | 180 | 138 | 85 | - | 39 |
| 371,872 | 360,300 | 374,451 | 349,347 | 318,249 | 323,062 |
| 160,363 | 162,807 | 168,595 | 222,060 | 230,218 | 217,618 |
| 45 | 45 | 50 | 50 | 35 | 35 |

(Continued)

City of McMinnville, Oregon
Operating Indicators by Function/Program
Last Ten Fiscal Years

| Functions/Programs | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Public Works: | | | | |
| Building division: | | | | |
| Building permits issued | 201 | 282 | 270 | 261 |
| Plumbing permits issued | 243 | 275 | 184 | 233 |
| Mechanical permits issued | 173 | 232 | 245 | 301 |
| Demolition permits issued | 12 | 4 | 6 | 10 |
| Fire life safety permits issued | 29 | 40 | 60 | 37 |
| Miscellaneous permits issued | 26 | 44 | 44 | 56 |
| Manufactured home permits issued | 2 | 8 | 21 | 15 |
| Total permits issued | <u>686</u> | <u>885</u> | <u>830</u> | <u>913</u> |
| Wastewater Services: | | | | |
| Daily average treatment in gallons | 2,740,000 | 3,240,000 | 2,950,000 | 3,310,000 |
| Service connections: | | | | |
| Residential | 11,784 | 12,042 | 12,280 | 12,121 |
| General services/commercial | 1,164 | 1,097 | 1,157 | 1,083 |
| Ambulance: | | | | |
| Emergency Medical Service (EMS) calls | 5,795 | 5,879 | 6,211 | 7,248 |
| EMS patients transported | 4,388 | 4,385 | 4,546 | 5,156 |
| Component unit: | | | | |
| Water and light: | | | | |
| Water system: | | | | |
| Daily average consumption in gallons | 5,020,000 | 4,500,000 | 4,700,000 | 4,800,000 |
| Service connections: | | | | |
| Residential | 12,006 | 12,192 | 12,431 | 12,238 |
| General services/commercial | 1,485 | 1,511 | 1,551 | 1,475 |
| Electric system: | | | | |
| Type | public power | public power | public power | public power |
| Service connections: | | | | |
| Residential | 13,160 | 13,260 | 13,526 | 13,616 |
| General services/small industrial | 2,206 | 2,189 | 2,002 | 2,293 |
| Large industrial | 2 | 2 | 2 | 2 |

Source: City of McMinnville departments

(a) Calendar year

(b) Senior Center established an attendance tracking system in fiscal year 2011-12. Previous years attendance is estimated.

(c) Beginning in 2016, the Community Center started tracking programs for youth, adults and general drop-in participants.

(d) Beginning in 2017-18, the Community Center started hosting the Senior Center Fitness program and classes.

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 250 | 358 | 349 | 349 | 238 | 289 |
| 227 | 246 | 238 | 296 | 303 | 336 |
| 309 | 310 | 302 | 388 | 517 | 533 |
| 15 | 17 | 4 | 7 | 11 | 1 |
| 43 | 49 | 28 | 25 | 46 | 54 |
| 43 | 67 | 52 | 50 | 60 | 66 |
| 5 | 5 | 5 | 7 | 5 | 4 |
| 892 | 1,052 | 978 | 1,122 | 1,180 | 1,283 |
| 2,758,000 | 2,735,000 | 4,160,000 | 2,830,000 | 2,800,000 | 3,140,000 |
| 12,493 | 12,770 | 12,869 | 13,267 | 13,697 | 13,784 |
| 1,113 | 1,151 | 1,158 | 1,152 | 1,172 | 1,166 |
| 7,028 | 7,000 | 6,423 | 6,296 | 7,337 | 7,781 |
| 5,234 | 4,902 | 4,753 | 4,440 | 4,873 | 4,811 |
| 4,300,000 | 4,500,000 | 4,500,000 | 3,900,000 | 4,500,000 | 4,700,000 |
| 12,619 | 12,882 | 13,021 | 13,268 | 13,702 | 13,929 |
| 1,479 | 1,542 | 1,628 | 1,592 | 1,701 | 1,685 |
| public power | public power | public power | public power | public power | public power |
| 13,807 | 13,909 | 14,084 | 14,560 | 14,733 | 14,849 |
| 2,224 | 2,247 | 2,254 | 2,282 | 2,321 | 2,322 |
| 2 | 2 | 2 | 2 | 2 | 2 |

(e) During fiscal years 2019-21, the affects of COVID-19 impacted some programs and services including On-site fire inspections. Most parks and recreation programs and facilities were closed beginning March 15th 2020 through the end of the 2020 fiscal year, some programs are still closed at the end of the 2021 fiscal year.

(f) During fiscal years 2019-21, the affects of COVID-19 impacted the partnership program with the McMinnville School District #40 such as KOB.

n/a - not available

City of McMinnville, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Functions/Programs | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|-------|-------|-------|-------|
| Primary government: | | | | |
| General government: | | | | |
| Computers - desktops and laptops (e) | 267 | 285 | 280 | 285 |
| Computers - physical servers | 17 | 17 | 17 | 12 |
| Police: | | | | |
| Station | 1 | 1 | 1 | 1 |
| Off-site evidence facility | 1 | 1 | 1 | 1 |
| Training facility | 1 | 1 | 1 | 1 |
| Patrol units | 14 | 14 | 15 | 15 |
| Command vehicle | 2 | 2 | 2 | 2 |
| Motorcycles | 2 | 2 | 2 | 2 |
| Fire: | | | | |
| Stations | 2 | 2 | 2 | 2 |
| Training facility | 1 | 1 | 1 | 1 |
| Vehicles | 16 | 16 | 16 | 16 |
| Highways and streets: | | | | |
| Miles of streets | 103 | 103 | 104 | 104 |
| Miles of storm drain sewers | 76 | 76 | 77 | 77 |
| Number of street lights | 2,684 | 2,679 | 2,679 | 2,679 |
| Parks and recreation: | | | | |
| Aquatic center | 1 | 1 | 1 | 1 |
| Community center | 1 | 1 | 1 | 1 |
| Senior citizen center | 1 | 1 | 1 | 1 |
| Parks: | | | | |
| Neighborhood parks (a) | 3 | 3 | 3 | 3 |
| Community parks | 5 | 5 | 5 | 5 |
| Linear park | 2 | 2 | 2 | 2 |
| Mini parks and play lots | 7 | 7 | 7 | 7 |
| Nature parks | 2 | 2 | 2 | 2 |
| Special use park | 1 | 1 | 1 | 1 |
| Greenway/greenspaces | 15 | 15 | 15 | 15 |
| Park system acreage (a) | 353 | 353 | 357 | 357 |
| Tennis courts (c) | 4 | 4 | 4 | 4 |
| Pickleball courts (c) | - | - | - | - |
| Baseball/softball fields | 11 | 11 | 11 | 11 |
| Soccer fields | 11 | 11 | 11 | 11 |
| Outdoor basketball courts | 8 | 8 | 8 | 8 |
| Skate parks | 2 | 2 | 2 | 2 |
| Library: | | | | |
| Facility | 1 | 1 | 1 | 1 |
| Bookmobile | 1 | 1 | 1 | 1 |

Fiscal Year Ended June 30,

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 291 | 290 | 290 | 327 | 329 | 323 |
| 12 | 12 | 12 | 11 | 8 | 8 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 15 | 15 | 16 | 16 | 17 | 17 |
| 2 | 2 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 16 | 16 | 16 | 16 | 16 | 16 |
| 104 | 105 | 107 | 108 | 108 | 109 |
| 78 | 79 | 83 | 84 | 85 | 86 |
| 2,697 | 2,719 | 2,762 | 2,816 | 2,841 | 2,946 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 4 | 4 | 4 | 4 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 7 | 7 | 7 | 7 | 7 | 7 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 15 | 15 | 15 | 15 | 15 | 15 |
| 357 | 357 | 357 | 357 | 357 | 357 |
| 4 | 2 | 2 | 2 | 2 | 2 |
| - | 6 | 6 | 6 | 6 | 6 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 8 | 8 | 8 | 8 | 8 | 8 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |

City of McMinnville, Oregon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Functions/Programs | 2013 | 2014 | 2015 | 2016 |
|------------------------------------------------------------------|------------|------------|------------|------------|
| Primary government (continued): | | | | |
| Airport: | | | | |
| Runways | 2 | 2 | 2 | 2 |
| Runway 04/22: 100 ft x 5420 ft with 1,000 ft asphalt stopway (d) | | | | |
| Runway 17/35: 75 ft x 4394 ft | | | | |
| Connecting taxiways | 2 | 2 | 2 | 2 |
| Automated weather station | 1 | 1 | 1 | 1 |
| Instrument landing system (ILS) | 1 | 1 | 1 | 1 |
| Precision approach path indicator (PAPI) | 2 | 2 | 2 | 2 |
| City owned hangars: | | | | |
| Maintenance | 2 | 2 | 2 | 2 |
| Rental | 27 | 27 | 27 | 27 |
| Land leased hangars: | | | | |
| Private | 84 | 84 | 84 | 84 |
| Corporate | 2 | 2 | 2 | 2 |
| Wastewater Services: | | | | |
| Treatment plant | 1 | 1 | 1 | 1 |
| Maximum daily capacity of treatment plant | | | | |
| in gallons | 5,600,000 | 5,600,000 | 5,600,000 | 5,600,000 |
| Miles of sanitary sewers | 152 | 153 | 155 | 155 |
| Ambulance: | | | | |
| Vehicles | 5 | 5 | 6 | 6 |
| Component unit: | | | | |
| Water and light: | | | | |
| Water system: | | | | |
| Maximum daily capacity of plant in gallons (b) | 22,000,000 | 22,000,000 | 22,000,000 | 22,000,000 |
| Watershed storage in billions of gallons | 3.5 | 3.5 | 3.5 | 3.5 |
| Miles of water mains | 172 | 175 | 176 | 177 |
| Fire hydrants | 1,024 | 1,044 | 1,055 | 1,061 |
| Electric system: | | | | |
| Substations | 7 | 7 | 7 | 7 |
| Miles of distribution | 323 | 325 | 326 | 329 |

Source: City of McMinnville departments

- (a) In fiscal year 2014-15, NW Neighborhood (Jay Pearson) park land was purchased.
- (b) In fiscal year 2017-18, six pickleball courts replaced two tennis courts in lower city park.
- (c) During fiscal years 2016-17 through 2017-18 a rehabilitation project of Runway 04/22 was in place. The Runway's dimensions prior to 2016-17 was 150 ft x 5420 ft with a 1,000 ft asphalt stopway.

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 27 | 27 | 27 | 27 | 27 | 27 |
| 84 | 84 | 84 | 84 | 84 | 84 |
| 2 | 2 | 2 | 3 | 3 | 3 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 | 6,100,000 |
| 156 | 157 | 157 | 157 | 157 | 162 |
| 7 | 7 | 6 | 6 | 6 | 6 |
| 22,000,000 | 22,000,000 | 22,000,000 | 22,000,000 | 22,000,000 | 22,000,000 |
| 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| 177 | 178 | 179 | 181 | 183 | 184 |
| 1,068 | 1,068 | 1,106 | 1,115 | 1,127 | 1,132 |
| 7 | 7 | 7 | 7 | 7 | 7 |
| 332 | 331 | 333 | 330 | 332 | 334 |

(e) During fiscal year 2019-20, the affects of COVID-19 impacted the ability for most employees to work from their designated office space. This created an increase in the number of mobile workstations in use by the City to facilitate remote work environments.
n/a - not available



**City of
McMinnville**

AUDIT COMMENTS AND DISCLOSURES

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH OREGON STATE REGULATION**

The Honorable Mayor, City Council, and Audit Committee
City of McMinnville, Oregon

We have audited the basic financial statements of City of McMinnville, Oregon, as of and for the year ended June 30, 2022 and have issued our report thereon dated December 29, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component unit McMinnville Water and Light Department, as described in our report on the City of McMinnville, Oregon'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.

Compliance

As part of obtaining reasonable assurance about whether City of McMinnville, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, 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.

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- 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, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

In connection with our testing, nothing came to our attention or the attention of the other auditors that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of McMinnville, Oregon'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 City of McMinnville, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of McMinnville, Oregon'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 entity'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 and the other auditors 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.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 29, 2022